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Editorial AS WE SEE IT

One of the ideas that we appear to have borrowed from the communists, particularly Russia, is that a nation must have a clearly defined "goal" or "objective" toward which to strive, a goal, that is, in terms of production volume or the equivalent. As applied in this country it is obviously a sort of analogue of the "Seven Year Plans" and other such contrivances of the nations which profess to follow Marx and Lenin. Whether the organization the President has been in process of creating for the purpose of developing and defining "objectives" is expected to proceed along these lines or will do so remains to be seen. If we are to have realistic goals of production we must, of course, have fairly definite notions of our production potentials, and several economists connected with the government, and some who are not, have been at work trying to find out what our potentials really are.

Now this sort of thing has been going the rounds for so long that to many, particularly of the younger generation, it by now has come to appear quite natural, almost inevitable. Yet to those with a longer perspective, it appears rather out of place in a free economy presumably intending to remain free and dependent only upon individual initiative and enterprise. To them the proper "objective" of any government or any peoples who are free and expect to remain so is obviously that of creating and maintaining conditions under which individuals can most effectively serve their own economic needs and desires. To those devoted to the true American traditions it seems obvious that by following such procedures the greatest economic accomplishments possible are assured as fully as they can be assured.

Harmless, If . . .

If any individual or any group of individuals wish to try their hand at guessing where such a system would lead us, in, say, 10 or 20 years, then there is no reason under the sun why they should not do so. We, therefore, have no quarrel with the numerous *(Continued on page 25)*

What the U.S.A. Has to Face in The Coming Months and Beyond

By Melchior Palyi, *Chicago, Ill.*

Economist explains why we face a more serious recession than the three previous ones, and a choice between calamitous devaluation (inflation) and a massive deflation. The way out advocated is to hold back the start of a fresh boom by fiscal and monetary discipline, and cut deeply our foreign and military aid. In exploring the boom's possible resumption this spring or summer, the author sees it accompanied by credit pinch and prohibitive bond losses and tempered by: (1) resurging consumer spending unaccompanied by rush into inventories; (2) extent of our perilously high consumer and mortgage debt; (3) excessive capacity and international competition; and (4) sharp rise in costs.

Mr. Eisenhower's breezy economic forecast for 1960—gross national income to rise by 6½% to a new high of $510 billion—was barely announced when the Prosperity started to skid. Must the President of the United States go into the forecasting business? Is it not enough to be the greatest diplomatic and military expert, as he claims to be—including the extraordinary talent to gauge not only the "capabilities" but even the "intentions" of the enemy?

Dr. Melchior Palyi

Since the New Year, bank loans have declined much less than expected on the historic pattern. But interest rates, which have fallen very appreciably, are retracing their steps. Consumer credit's growth has slowed down. Consumer buying of appliances and of automobiles is lagging behind last year's rates. The Stock Exchange has slumped sharply. The flow of orders for steel and tools has lost its zest, a first indication of a buyers' market.

All of which is not conclusive. For example, no definite shift by major investor groups from equities into bonds is noticeable as yet. In the first six weeks of this year, new construction contracts have been running far ahead of the same period last year. In fact, it is being widely accepted that the super-boom will restart in the spring or summer. The Government, for one, takes it for granted, relying on the central bank's "flexible" policy, which means some degree of inflationary stimulation (reflation). If so, an early resumption of the upward trend may be in the cards and the question is: *How much further can it go? For how long?*

The Credit Pinch

If the boom is resumed, its double drain on the credit apparatus—a greatly enhanced demand for money and a slowed-down accumulation of liquid savings—is bound to cause higher interest rates and a scarcity of funds. As yet, the banking fraternity as a whole has not exhausted its resources. It can sell bonds. But the short-term portfolios are either run down or needed for secondary liquidity, while the sale of longer-terms means substantial losses. Besides, 50% or more of the bonds are pledged for public deposits and could not be sold. (Incidentally, the "true" liquidity ratio of all banks—cash and prime liquid assets to deposits—is closer to 20% than to a nominal 50%.) In any case, the mere attempt at a massive liquidation of bank portfolios would depress the bond market and increase the losses to an extent that would be prohibitive.

There remains the recourse to the Federal Reserve System. A majority of banks still could borrow at the Reserve institutions—for a short while. But the latter are not inclined to let the borrowing get out of hand. Nor would the central bank be willing to expand credit to overheat the boom (much as it may do in a recession). The pattern of Reserve System policy in a boom is indicated by recent expe- *(Continued on page 29)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

Colgate-Palmolive Co.—Alan C. Coole, Research Analyst, Hemphill, Noyes & Co., New York City. (Page 2)

Seismograph Service Corp.—Harold Nelkin, Director, Institutional Research Dept., Oppenheimer & Co., New York City. (Page 2)

ALAN C. POOLE

Research Analyst

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Colgate-Palmolive Company

When stock prices are high and uncertainties lie ahead, caution is a good watchword, yet good values in "blue chips" cannot be ignored. The common stock of Colgate-Palmolive Co. represents one of these values. A dividend payer every year since 1895, this stock represents an investment in a leading producer of proprietary drugs. The company's growth record has been particularly impressive when one notices that net earnings after taxes have increased every year since 1951. Dividend payouts have also improved steadily over this period of time.

Alan C. Poole

One of the most impressive things about Colgate-Palmolive has been its ability to improve its operating ratio every year from 1955 through 1958 with indications that audited figures will show another improvement in 1959. This has been achieved primarily as a result of the increasing proportion of foreign sales to total sales. Foreign operations are very profitable for Colgate-Palmolive and now are believed to constitute over one-half of the company's total sales and profits.

Of recent interest is Colgate's acquisition of Lakeside Laboratories, a small producer of ethical drugs in Milwaukee, Wisconsin. While Lakeside's sales are a little less than 2% of Colgate's overall sales, this acquisition could prove of considerably more value than is apparent at first glance. In the first place, among the personnel of Lakeside Laboratories is a strong research team well regarded in the ethical drug industry. Some of the other large drug companies have looked rather closely at Lakeside as a possible acquisition with the object of securing the services of this group. In the second place, one important discovery made by this team of research men could prove very significant to Colgate and might add glamor to the stock and cause a reappraisal in terms of price times earnings ratios.

Selling around 37, the stock of Colgate-Palmolive is at only slightly more than 12 times 1959 preliminary earnings of $3.11 per share. An estimate figure of $3.50 per share for 1960 earnings appears, in the opinion of the writer, to be a conservative one. The current dividend rate is indicated at $1.40 yearly with 30 cents quarterly dividend and a 20-cent year-end extra offering a yield of better than 3½%. With an improving picture this rate could well be increased.

By statistical comparison, Colgate's stock appears very attractive. Procter & Gamble and Gillette Co. are selling over 20 times 1959 earnings; Sterling Drug and Warner-Lambert are selling at 17 to 18 times earnings; and McKesson & Robbins is selling at 13 times earnings. At 15 times 1960 estimated earnings, a not unreasonable goal if the picture continues to improve and more particularly if Lakeside makes at least one important drug discovery, Colgate stock would sell over $50. per share.

To summarize, the writer feels that the downside risk in Colgate is limited with the upside potential very promising. Dividends derived could be increasingly rewarding. For several months the stock has traded in an approximate range between 44 and 35. Breakout on the upside might start a market move of some significance. It is listed on the NYSE.

HAROLD NELKIN

Director, Institutional Research Dept., Oppenheimer & Co., New York City

Members, New York Stock Exchange

Seismograph Service Corporation

Stocks with stories are plentiful, perhaps too plentiful. Stocks with old-fashioned numbers are scarce and getting scarcer. Seismograph Service Corporation, buried in what many consider to be a declining business, has been so overlooked by the greatest bull market in history that it still has both attributes.

Harold Nelkin

A price only 6.8 times estimated 1959 earnings, 1.8 times anticipated cash flow, and less than 75% of book value, is interesting in itself. But, in addition, Seismograph Service is moving to develop the electronic capability that it has built up in years of manufacturing precision instruments. As we all know, "electronics" is a word that is today almost a guarantee of the market glamour that leads to very high price-earnings ratios.

Seismograph Service is the largest of the companies engaged in conducting seismic surveys for major oil companies and independent oil operators in the United States and foreign countries. Aside from a subsidiary of Texas Instruments, it is the only one that is publicly held.

Seismic exploration involves the drilling of shallow holes, the setting off of dynamite "shots" in those holes, and the use of seismic equipment to pick up ground waves. The waves are automatically plotted in time sequence with instruments developed and manufactured by Seismograph Service. These seismic plots are used to find sub-surface structures or anomalies. Seismograph's instruments produce from 24 to 50 traces, which may be used in the field or sent back to central headquarters in Tulsa, Okla., where automatic magnetic scanners are used to draw up maps that pinpoint structures.

There are no patents involved in this business. Hundreds of smaller companies and the oil producers themselves are capable of doing seismic work. However, large oil companies tend to maintain minimum seismic staffs because it costs them more to do the work themselves than it does to hire Seismograph Service. With costs continually rising and domestic oil exploration trending down, there has been a rather rapid rate of attrition in the ranks of the smaller operators, which Seismograph has been able to capitalize on.

TABLE I

	1956	1957	1958	1959 Est.	1960 Est.
Revenue (mm)	$9.93	$10.39	$16.28	$17.5	$20.0
Depreciation	0.94	1.02	2.55	2.60	2.70
Net income	0.57	0.68	0.57	0.64	1.0
Cash flow	$1.51	$1.70	$3.12	$3.24	$3.70
Cash flow as % of rev.	15.2%	16.4%	19.0%	18.5%	18.5%
Cash flow per share	$3.90	$4.35	$8.00	$8.30	$9.50
Earned per share	$1.45	$1.78	$1.46	$1.65	$2.50
Average price	15	12	12	13	--
Price plus cash flow	3.9	2.9	1.5	1.6	--
Price plus earnings	10.3	6.8	8.2	7.9	--

The big jump in revenues came in 1958 and resulted from the consolidation of foreign operations for the first time in that year. Management believes that the focal point of oil exploration has now shifted outside of the United States, and since they are paid in dollars for their efforts overseas, they see no reason to penalize themselves for the shift that has taken place in their business.

Even after 1958, the revenues have continued to trend upward at a rather respectable annual rate.

The problem is the failure of reported earnings to grow proportionately. But even that problem is more apparent than real, for earnings have been penalized by the rapid growth of depreciation. However, cash flow has moved up rapidly and steadily.

Depreciation in the case of Seismograph Service does not mean the same thing as it does in many other situations. Trucks are probably the largest single item in the depreciation schedule and they wear out rapidly; but probably not as rapidly as the two years which the company takes to write off foreign-employed vehicles.

In 1958 there was a wholesale switchover from conventional to magnetic scanning devices which cost a good deal more. The company also built and put into operation its own playback centers. Clients wanted bigger, fancier equipment, capable of giving more complete answers in less time. Seismograph takes the position that they don't know what the life of this equipment is going to be. They are assuming a very short life span.

Judging from the way comparable companies write down trucks and other equipment, I believe that Seismograph's reported depreciation is overstated. It follows that reported earnings are substantially understated and that book value, which we expect to have pushed over $23 per share by the end of 1959, is a very "hard" figure. There may be enough residual value left even in the relatively short-lived equipment that the company

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

Outlook for the Bond Market

By Roger F. Murray, S. Sloan Colt Professor of Banking and Finance, Graduate School of Business, Columbia University*

Prognosis holds that bond prices are likely to be moderately lower during the course of the year with the lows of late 1960 similar to lows of late 1959. In short: (1) most high quality new corporate issues should be marketable at rates ranging between $5\frac{1}{8}$ and $5\frac{3}{8}$%; (2) "Bond Buyer" yield index of municipals should not rise above $3\frac{7}{8}$%; and (3) governments might reach a moderately higher yield level with the shape depending on what happens to the $4\frac{1}{4}$% bond rate ceiling. The former banker turned professor is mindful of the fact that his forecast depends upon assumptions which he details, such as inflationary expectations and the pace of economic expansion. He cautions that if his outlook requires an early revision it most probably will be due to underestimating the decline in bond prices in the months ahead.

Another Surprise

My friends in the medical profession tell me that forecasters, as a group, enjoy excellent health. If true, this is a startling finding because certainly the forecaster is subjected to more than the usual number of shocks and frustrations. This can be illustrated from the very recent experience of anyone who makes a practice of reaching a judgment on the outlook of the bond market. When the steel strike was settled, it seemed perfectly clear that the American economy would move into a period of rapid expansion characterized by a record rate of inventory accumulation, the best automobile year since 1955, and a strong rise in business expenditures on plant and equipment. Initially the demand for funds would be strongest in the money market, but gradually it would spread into the capital market and we were bound to have a firming in short-term and long-term interest rates. The outlook suggested temporary stability in the bond market but further weakness in prices during most of 1960.

Dr. Roger F. Murray

Seldom indeed has such a prospect seemed more clear than in early January. The main questions were when the Federal Reserve would raise the discount rate and when the commercial banks would raise the prime rate. A related question was whether the shortage of funds would reduce housing starts in 1960 below 1.2 million.

With this neat, logical, and persuasive forecast committed to writing for response to any inquiry, the forecaster could confidently sit back and catch up on his reading while patiently awaiting its fulfillment. As happens so often, however, the period of comfortable hibernation was abruptly disturbed by a pronounced change in the pattern of rates. Instead of the Treasury bill rate ranging between $4\frac{5}{8}$% it dropped below $3\frac{5}{8}$% early this month. The other segments of the government bond market rallied sharply and the corporate bond market showed a tone of strength. The supply of funds for the mortgage market began to look more adequate and the prospects for rate increases became much less clear. It was even whispered by some that we had, in fact, seen the high in interest rates and the low in the bond market. As a result of what has happened, the forecaster has to think through his interpretation of the outlook all over again. Surely the rate of obsolescence applicable to forecasts must be the highest in our dynamic economy.

There are three possible interpretations of recent developments: first, that the market anticipated coming events to the extent of registering the high point of interest rates late last year; second, that the inflationary psychology which contributed to the rise in interest rates has now been replaced by a more sober view of the prospects and, as a consequence, a reasonable degree of stability in interest rates around present levels should be anticipated; and third, that we have had only a temporary lull in the upward pressure on interest rates because of the steel strike and seasonal factors. These three alternatives would suggest that bond prices will either be fairly stable around recent levels or that they may again decline to new lows. You will observe that I am making the common assumption that the business outlook is basically strong, at least through the rest of 1960. Hence I am ruling out the possibility of a real rise in bond prices as a consequence of recession induced easy money.

Have We Seen the Lows?

It seems to me that each of these points of view has enough merit to justify our serious consideration. For example, we know that the high in yields on corporate new issues coincided with the peak rates at which the Treasury was forced to borrow when it had to raise large amounts of cash (roughly $8 billion in 1959) while being restricted in its choice of securities by the $4\frac{1}{4}$% ceiling on Treasury bonds. The problem was further complicated by the fact that commercial banks were liquidating Federal obligations at a very rapid rate. It is argued that the offering of the "Magic Fives" in October marked the crisis in Treasury finance. No similar need of the Treasury for new money is in prospect for the next 12 months and more. Indeed, if all goes well, the Treasury might pay off $2 billion of debt in 1960.

With this change in the financial position of the Treasury, the

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*Column not available this week.

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Have the Dows Come Home?

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Some comments on the funeral announcements of the late bull market just sent out, plus some pros and cons on the accuracy and validity of the Dow Theory.

It takes two to tango and it takes two Dows to make a signal. A major advance or decline in the Dow - Jones Industrial Average must be confirmed by similar action in the Railroad Average to establish the basic trend of the market. The Railroad Average is the bishop that does the confirming. Which brings to mind the classic quip of baseball umpire, Bill Klem: "It ain't nothin' till I call it!"

Dow Theory in Capsule

This renowned Dow theory variously revered, respected, rejected or reviled in Wall Street was invented early in the Century by one Charles H. Dow. It is essentially a theory of market momentum. The market will rise so far, until it runs out of propulsive energy; then it will retrace its steps (or many of them); and finally, generating new energy, turn about and rise again. And all the time the market is going through these motions, and particularly at turning points, it gives off signals. These signals are eagerly noted and promptly interpreted by avid Dow followers. Up or down, the market goes through three stages: primary, secondary and final. And, according to Dow experts, the final (distribution) stage of the recently departed bull market ended July 8, 1959.

But official confirmation of that fact did not take place till March 3, 1960, when the Dow-Jones Railroad Average broke through its November, 1959 low (146.59). This "confirmed" the breakthrough of the Industrials on Feb. 16, 1960 of their lows established in September. It was a major bear signal. You see a drop in one section is not enough to prove anything. It's only when, arm in arm, the industrials and rails decline together for several weeks, rise together but fail to reach earlier highs, and then in concert thud down below previous lows — only then do you really know you've "had it." Only then do you know the bull market is dead. Well, the funeral was held March 3, 1960, and the longest and lushest bull market in history lasting 10 years (June 13, 1949 to July 8, 1959) was over. It had produced (at the top) percentage rises in both industrials and rails of above 370%. It was quite a market. Frankly, I miss it!

What Now, Dow?

It's the end of a bull market but is it the beginning of a bear one? Until proved differently we're in a downtrend (so say the Dows). But if the Industrial Average moves to a new low, then recovers two-thirds or more of its loss, descends again, rises and falls again and doesn't crack that low in three tries, then maybe a new bull market is born. All the foregoing bounces must, of course, be confirmed by the rails. (There's no ground rule governing the length of any bull or bear market.)

A recent conference with a worthy Dowman revealed to me that the Industrial Average may now dip to 575. After testing, but not cracking this low on (preferably) three occasions, a new signal is given. The market may then go up, and possibly generate enough power to drive well past 700. Are there any questions?

Of course, the foregoing doesn't scratch the surface of the Dow theory. We merely aimed to present, as best we might, its application to the current market position. The theory has been correct on many past occasions. For example, Oct. 25, 1929, Mr. William P. Hamilton, reigning Dow savant of that era, wrote an editorial entitled "A Turn in the Tide" in which, with amazing timing, he predicted the imminent bear market which carried the Industrials from 381.17 to a July 8, 1932 low of 41.22.

Dow followers are a dedicated and sophisticated group. They trust their theory as much as Caesar did Calpurnia, although, like learned doctors in a consultation, they frequently disagree on diagnosis. Then too, their confirmations are sometimes quite delayed, as in the current case when we learn in March that we should have sold stocks last July.

Contrary Opinion

So much for the Dow theory, but what do people say who don't hold with it? Their first argument is that it's outdated. They say the rails are no longer representative market leaders; that they've been replaced by big chemical, electronic, chain merchandising and air transport companies many of which weren't even in existence when the Dow theory gained its reputation. Why are rails the ones to confirm a trend? Why not chemicals or electronics instead?

A second contrary argument is this. With some 40,000 common stocks, listed and unlisted, how can it be that just 50, 30 industrials and 20 rails, provide the infallible guide to market direction? Again, more than 20,000 of these issues didn't exist in the heydays of Messrs. Dow, Hamilton or Shea. Many over-the-counter stocks go along their merry market way without even looking over their shoulders at what the Dow-Jones Average is doing. There are also 14,000 bank stocks not listed on any exchange. Why should Bank stocks which reflect so accurately book value, operating earnings and the interest rate, derive any magnetic market guidance from swings in New York Central or Atchison?

Some, too, contend that the Dow formula might have been useful in the 1920's when most of the stock buyers were individuals, but has lost its barometric qualities in the 50's when so much buying and selling is done by professional investment managers for big institutions. Moreover, the individual mutual fund shareholder, accumulating stocks for his old age on a monthly payment plan, is an entirely different breed from the margin buyer of the 1920's trying to finagle a swift 4-point profit in Radio common.

While the Dow theory may well have been useful in an earlier era, by what magic does it now compensate for a wholly different set of economic conditions? Higher margins, higher corporate taxes, heavier plowback of earnings with correspondingly lower cash dividends; short selling that must be announced in advance; and hundreds of thousands who buy stocks for growth instead of income.

The argument along the above lines, pro and con, has raged in board rooms across the land for decades. It will continue to do so and we propose to act as neither judge, jury nor moderator. We're just commenting. For the four million or so newer stockholders who have never seen a market top before, or a real honest to goodness bear market, a look at the Dow theory may prove rewarding for just what it claims to do—indicate the market's direction from action of the market itself. Even if you're not a devotee, you may find the Dow theory a useful tool in checking market altitudes and trends. The most favorable reading of a Dow trend line, however, will hardly be sufficient to zoom a tired stock with drooping earnings and fading dividends. With or without Dow, the best way to make money in the market is to buy rising earning power. And, according to Dow, the time to sell is "when the chorus of bulls is loudest!" They were awful noisy last summer!

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

Economic activity in February appears to have continued at a high level, the Federal Reserve Bank of New York observed in its March *Monthly Review*. Expansion over the four-month period of renewed steel output has been broadly based and, on the whole, rapid—although the pace recently has not been fully satisfactory to those who had expected the "soaring sixties" to produce immediate miracles.

The most pressing needs of the economy after the steel strike were to restore the steady flow of steel products to durable goods manufacturers and to rebuild limited dealer stocks of automobiles. By the end of February, it appeared that the rapid rate of production since early November had fully met these immediate needs.

Steel inventories were being rebuilt at a pace satisfactory to many steel users, and auto dealers were expected to have almost 400,000 more domestically produced cars on hand by the end of February than at the end of December. Chiefly because of the sharp rise in automobile and steel output, but also reflecting other gains, the Federal Reserve Board's index of industrial production rose three points in January to 112% of the 1957 average.

With automobile stocks accumulating rapidly, some producers curtailed production during the second half of February. February car sales were more encouraging, however, than the January results which led to production cutbacks. Further evidence of sustained strength appeared in both public and private construction outlays (seasonally adjusted) which increased in February for the third consecutive month. Meanwhile, wholesale prices have remained relatively stable during the period of sharply expanding production.

In a second article, "The Behavior of Consumer Credit," the Reserve Bank points out that a sharp expansion in consumer credit stimulated and supported the rapid increase in consumer spending during 1959. Indeed, the pace of the advance in consumer credit rivaled that of the previous consumer borrowing boom in 1955 and, as in the earlier period, aroused a widespread sense of uneasiness.

The broad contour of the consumer credit advance during 1959 was remarkably similar to 1955. In each year total consumer credit outstanding shot up by about $6½ billion, although in 1959 this increase represented a smaller percentage rate of growth since it began from a higher base. Automobile financing played a much smaller role in the recent increase, its share in total financing falling to 36% in 1959 from 57% in 1955. Other types of instalment credit expanded more and faster than in 1955 reflecting, in part, the growing practice of purchasing nondurable goods and services on credit.

The Bank notes that, although consumer credit performs a valuable economic function, a continued sharp rise in consumer debt might result in an unduly heavy burden on borrowers. Instalment debt already weighs heavily on some households but delinquencies generally have not been high. In recent years, delinquent instalment loans of commercial banks have been less than 2% of their outstanding instalment loans and this was true even in the 1958 recession. Nevertheless, there has been a tendency for delinquencies and losses to rise during periods of recession, a clear sign of the potential danger if a more severe business recession should occur.

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 5, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 2.1% above those of the corresponding week last year. Our preliminary totals stand at $26,101,526,543 against $25,569,743,398 for the same week in 1959. Our comparative summary for some of the leading money centers follows:

Week End. Mar. 5—	1960 (000 omitted)	1959 (000 omitted)	%
New York	$13,583,420	$13,454,534	+ 1.0
Chicago	1,339,249	1,296,056	+ 3.3
Philadelphia	1,085,000	1,118,000	— 3.0
Boston	*750,000	749,060	+ 0.1

Steel Operations Declining at Accelerated Pace

The dropoff in steel operations is advancing faster than expected, "The Iron Age" reports.

An increasing number of cancellations and a low rate of incoming orders are leaving holes in mill schedules. Mills will soon

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OBSERVATIONS...

BY A. WILFRED MAY

WALL STREET AND LOMBARD STREET

In this column in our Feb. 25 issue we cited the course and market impact of the stock-bond yield relationship during the 1950's as clearly illustrating the impossibility of determining the *time* at which an important event will become effective *market*-wise. We reminded you that whereas the drastic narrowing of the spread between the traditionally higher dividend return on stocks and the interest yield of bonds was cited, logically, as ominous way back in 1955 by the nation's investment experts testifying at the Fulbright Committee's Stock Market Inquiry concerning its preceding rise; actually this and other adverse factors were subsequently ignored by the stock market in tacking on a further advance of 20% in the succeeding 18 months; and of 40% by the end of 1959.

The *"cross-over"* (i. e., equality) of the yield on high grade bonds and stocks* was actually, for the first time since 1936, reached on June 12, 1957, with the Dow-Jones Industrial Stock Average at 510; again on Sept. 25, 1957, with the D-J at 457; and re-attained on Aug. 6, 1958, with the stock average recovered to 503. Yet, despite these distinctly bearish yield "signals," the stock average tacked on a further 26% rise, all the way to 685 reached a full 14 months later on Jan. 3 of this year.

London's "Signal" Troubles

We find that similarly in London, unpredictable crowd psychology entails crucial delay in the effective impact of relevant fiscal and economic factors on its stock market's fluctuations. The major advance in industrial ordinary shares (common stocks), from early 1958 to the end of August, 1959, which boosted the "Financial Times" Index from 156 to 256 — a 66% rise—entailed a decline in their dividend yield from 7.01% to 4.77%. Furthermore this resulted in a *cross-over* on Aug. 27 last of the fixed-interest yield on the 2½% Consols and the dividend return on ordinary shares.

However, as in the United States, even this decisive danger signal did not serve to slow up the London share market's advance. It was subsequently extended by an additional 32% to a new high of 342 registered on Jan. 4 last, with the share-bond yield ratio in a further drastic fall to 0.73. It was not until then that the market reacted, the Index falling 8% to 315 registered this week. This share market reaction has entailed a slight retracing of the share-bond yield ratio deficit; but, at 0.77, it remains far below that *cross-over* level whose traversal had always been relied on as the crucial danger signal.

Strange behavior, indeed, for "signals" — on both sides of the Atlantic!

*Standard & Poor's Index A1+ Corporate Bonds and Standard & Poor's Index of Common Stock yields.

The Hard and Soft Sells

Also interesting in Lombard Street-Wall Street comparisons are the respective policies in "public relations." In sharp contrast to the extensive and growing good-will job being done by our New York and American Stock Exchanges, and the periodical and TV-radio advertising by our member firms, neither the London Exchange nor its members are permitted to do any advertising whatever. This is explained to us by a visiting Londoner as a manifestation of his countrymen's sophisticatedly frank concept of their Exchange activities as speculation, with a good admixture of gambling; in contrast to the air of sacrosanctity with which we Americans seemingly surround our Stock Exchange activities.

Pro and Con Regulation

Consumer credit constitutes another area highlighting trans-Atlantic divergence; namely British *laissez-faire* and self-regulation in contrast to our dependence on government supervision and rule-making.

Instancing the latter is a bill just introduced by Senator Paul H. Douglas, Democrat of Illinois, which would require lenders to make full and detailed disclosure of the finance charges, to wit: (1) the total amount of the finance charges the purchaser is contracting to pay; and (2) the percentage that such an amount bears to the outstanding balance expressed in simple annual interest.

In the case of Britain's booming hire-Purchase (their counterpart of our consumer credit) all of the existing government controls, which had been confined to regulating the length of the contract and the amount of the down payment, were removed 18 months ago.

* * *

We have on various occasions noted the over-emphasis attached to so-called *performance* by the investment companies. The comparative record of the companies capital gains-wise is tabulated and used extensively, to rate the relative ability of managements; in a way akin to the pony-dopesters studying the *Racing Form.* Likewise the past record, when feasible, is stressed in the promotion of individual funds, with its inclusion in their prospectuses.

While such displays of brilliant results, at least those covering the past decade, do carry a disclaimer prescribed by the regulatory *Statement of Policy* (sec. J) promulgated by the industry and the SEC in 1951 (as "the above tables cover a period of generally rising security prices and cannot be considered a representation of future results,") it is customarily dwarfed by the multi-paged content of the accompanying charts and statistical data. The reader, if he notices the disclaimer, must wonder why the pamphlet contains so much of the prominently tabulated record if the distributor really believes it does not imply continuing and future good "management results."

The analyst rating *comparative* performance of a number of funds, grouped according to purpose, certainly likewise gives the impression of assuming the premise that the past relative record will carry on into the future. In fact, his own judgments are largely so guided—often on the "if not, what else?" excuse.

The Revealing Record

The actual record, showing extremely wide changes in the relative annual results recorded by the individual funds, completely nullifies reliance on the performance, or "out-performance" by one fund over others, as a yardstick of management ability—at least over the short-term. Even during the fairly consistently continuing bull market of the last decade, the performance rankings (versus the averages and the other funds) have been completely scrambled from year-to-year.

This is now shown again in a tabulation running from 1955 through 1959, in the Feb. 29 issue of *Brevits,* a biweekly Letter published by Vance, Sanders & Company, Fund sponsors and distributors of Boston. One hundred representative investment companies have been compared with one another during the past four years as follows: for each calendar year the mechanical *performance* was computed and the five funds which scored the greatest gains for the year in question were placed in numerical order. Opposite each of these funds is then given its respective standing in the next year. Here are the telling results:

1955 Position	Standing for Following Year
First	31
Second	27
Third	16
Fourth	56
Fifth	24

1956 Position	Standing for Following Year
First	69
Second	52
Third	99
Fourth	30
Fifth	29

1957 Position	Standing for Following Year
First	100
Second	102
Third	95
Fourth	90
Fifth	86

1958 Position	Standing for Following Year
First	2
Second	10
Third	13
Fourth	41
Fifth	45

Conclusions

No matter how tempting as "a way out" of the problem of choosing a fund in which to invest, the relative *performance* record is meaningless, particularly over the relatively short term. Conclusions about the worth of management based on one Fund "out-performing" another are completely spurious. (An exception might arise in the case of a Fund developing a consistently *bad* record through a bull and bear market.)

This relative performance record, combined with the composite performance by all the Funds versus the market averages, shows the inability of even any of the super-experts consistently to "beat-the-market"—which should in any event not be legitimately expected of them.

A fund should be chosen according to *investment* criteria, as: the amount of management expense biting into income yield, portfolio diversification, the amount of unrealized appreciation (constituting a potential tax inroad on asset value), portfolio imagination with abstinence from "window-dressing," an atmosphere bereft of promotional "go-go", etc.

* * *

ANOTHER EXPERTS DOPING CONTEST

Likewise typifying the difficulty of achieving consistency in market forecasting are the results scored in the New York financial writers' stock average - picking contest staged annually by Eastman Dillon, Union Securities & Co.

The returns from the predictions made in February, 1959 for February, 1960, show an amazing double-victory by Lewis Andrew Brophy, the venerable financial editor of the Associated Press. The New York *"Times"* Index of 50 stocks, which rose since the predictions were registered a year ago from 365.61 to 377.18, was practically "ringed" to the last decimal point by Mr. Brophy's 377.18 "bet." His other victory, over 29 other contestants, was achieved in foretelling the course of Standard & Poor's Composite Index of 500 stocks, which, at its closing price of 55.46, he missed by only 0.11 of a point.

How did Our Hero of 1960 fare previously? Alas! As in the Mutual Funds "racing" cited above, the performance record of these contestants is inconsistent. Our 1960 victor finished next to last in 1959 but up at seventh position in 1958. "Irregularity" over the past three years has likewise been shown by the group as a whole. For the latest February 1959-1960 period its mean guess envisaged a market drop of 6%, whereas there was a rise of that amount. For 1958-1959 a rise of only 1% was predicted against an actual gain of 32%. But for 1957-1958, "the boys" did themselves proud; hitting "right on the nose" the 12-month decline of 4.8%.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

About ten days ago the State and Municipal bond market showed symptoms of acute weakness. This acute period continued through Tuesday of last week. On that day the State of Michigan issue and the Newark, New Jersey issue were bid for by dealers at a bargain market level. The Michigan loan, of course, went well. The Newark issue was not awarded because of the seemingly low bid.

On Wednesday (March 2) the New York State Thruway Authority issue was withdrawn from the new issue calendar and the market immediately became orderly, and has since gathered considerable upside momentum, impelled also by bullish inferences drawn from the stock market decline and rumors of a forthcoming shift in Federal Reserve policy. On this apparently important innuendo, other credit areas eased. Acceptances, call loans to government bond dealers, and Federal funds were involved.

Inventory Climbing

New issue volume during February was relatively moderate and volume for 1960 is thus far behind the 1959 volume. Despite this favorable market factor, general investor demand has recently fallen off and secondary market offerings have swollen the "Blue List" total (State and Municipal bonds) to $311,830,500 as reported yesterday morning. A week ago the total was $301,492,500 and the previous Wednesday's total was $270,220,500.

While the present float is not harmfully heavy, it has been symptomatic of a decline in investor interest that many dealers apparently disregard as new issue bidding daily grows more competitive.

In this connection, it seems appropriate to again allude generally to the over emphasis which dealers place on buying issues. Most new issue purchases are being made at levels considerably ahead of the market. Potential underwriting profits continue to be unrealized because of an irresistible tendency to buy issues merely by overbidding. Somehow, institutional and other investors usually catch up with these naive performances and have been doing very nicely recently.

Shift in Reserve Policy?

Statements on Tuesday attributed to Federal Reserve Board Chairman Martin, lent impetus to the good reception given several new issues which came to market on Monday and Tuesday. Although the statements were restrained and general, the inferences were interpreted as favorable to the bond market, temporarily at least. Bonds were taken down from accounts in sizable amounts but immediate general distribution seems unlikely.

However, should the Federal Reserve policy of "leaning against the wind" be altered to a somewhat easier tack, institutional demand for municipal bonds will likely follow the market to higher levels because of their present yield advantages against other securities. This possibility is to some extent strengthened by the statement of the Federal Reserve Bank of New York urging Congress to keep taxes high in order to provide for vital programs, and combat inflation, as well as "disturbingly" high interest rates. It is apparent that, recently, interest rates have become too high for some in official positions even though they have been helpful in resisting some of the inflationary factors that were of so much concern not many weeks back.

Recent Financing

On Thursday, March 3, the Dade County, Florida, Port Authority awarded $19,200,000 revenue bonds to the syndicate topped by Lehman Bros., Halsey, Stuart & Co., Smith Barney & Co., C. J. Devine & Co., White, Weld, & Company and others. As 4.70% bonds due 1999, the offering was at 100½. All bonds are out of account, but there is general availability in the secondary market at the original offering price.

On Monday, March 7, the State of Louisiana sold $15,000,000 serial bonds to a group headed by Blyth & Company, Lehman Brothers, and The First Boston Corporation. This issue had previously been sold on January 20, to the C. J. Devine & Company group. This sale was subsequently cancelled because of legal technicalities. The State gained through this circumstance with an improvement in interest cost from about 3.84% to 3.79%. This issue has sold fairly well with a reported balance of about $5,600,000 at this writing.

On Tuesday, March 8, The State of Delaware sold $12,436,000 serial (1961 - 1980) bonds to the group headed by four large dealer banks: Bankers Trust Company, Chemical Bank New York Trust Co., The Chase Manhattan Bank, The Northern Trust Company and others. Offering yields ran from 2.60% to 3.30%. Yesterday morning's balance was about $3,700,000. This seems a good performance. There is some availability of bonds outside the account.

Also on Tuesday, Cook County, Illinois awarded $25,000,000 serial (1961 - 1970) bonds to a dealer bank group headed by Continental Illinois National Bank & Trust Company, First National Bank of Chicago, Harris Trust and Savings Bank, Northern Trust Company and First National City Bank of New York. The issue was priced to yield from 2.80%-3.45%. The balance at this writing is about $6,500,000.

Also, $7,000,000 Guilford County (Greensboro) North Carolina serial (1963 - 1980) bonds were awarded to the group headed by the Chase Manhattan Bank, Chemical Bank New York Trust Company, Morgan Guaranty Trust Company, Continental Illinois National Bank and others. Scaled to yield 3.45% for 1977-79 maturities, the issue was sold down to about $3,000,000 on initial offering.

California Issue Looks Like A "Sell-Out"

The $100,000,000 California issue (1961-1986) was awarded yesterday afternoon (March 9) to the Bank of America consolidated group which includes most of the nation's municipal bond specialists. The interest cost to California is about 3.95%. In view of today's market improvement, and the generous yields available on these bonds, a sell-out seems likely.

Light Volume Ahead

Important new issue announcements since last week include $25,000,000 Chicago, Illinois, Board of Education serial (1962-1980) bonds for sale March 30 and $30,000,000 Jacksonville, Florida Electric Revenue serial bonds for sale

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.00%	3.85%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.65%	3.50%
New York (State)	3%	1978-1979	3.50%	3.35%
Pennsylvania (State)	3⅜%	1974-1975	3.30%	3.15%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.55%	3.40%
Los Angeles, Calif.	3¾%	1978-1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.70%	3.50%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.90%	3.75%
New York City, N. Y.	3%	1980	4.15%	4.00%

March 9, 1960 — Index = 3.5192

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

March 10 (Thursday)			
Hendricks County, Ind.	1,087,000	1961-1971	1:00 p.m.
Niagara, N. Y.	1,450,000	1961-1990	2:00 p.m.
Saginaw Township Community School District, Michigan	4,000,000	1961-1989	7:30 p.m.
March 14 (Monday)			
Oak Hills Local School Dist., Ohio	1,500,000	1961-1980	Noon
Pomona, Calif.	1,050,000	1961-1990	8:00 p.m.
March 15 (Tuesday)			
Allegheny County, Pa.	6,323,000	1961-1990	11:00 a.m.
Amherst, Cheektowaga & Clarence Central School Dist. No. 3, N. Y.	1,520,000	1960-1988	3:00 p.m.
Andrews County, Texas	1,600,000	1961-1976	10:00 a.m.
Franklin Community High School Building Corp., Indiana	2,490,000	1963-1987	1:00 p.m.
Jefferson Co. S. D. No. R-1, Colo.	3,500,000	1962-1981	5:30 p.m.
Montgomery County, N. C.	1,000,000	1961-1982	11:00 a.m.
March 16 (Wednesday)			
Miami Beach, Fla.	4,042,000	1960-1979	11:00 a.m.
North Bergen Township, N. J.	4,375,000	1961-1986	11:00 a.m.
March 17 (Thursday)			
Eastern Kentucky State College, Kentucky	1,900,000	1963-2000	10:00 a.m.
University City School Dist., Mo.	2,250,000	1961-1980	2:00 p.m.
March 21 (Monday)			
Edison Township, New Jersey	2,180,000	1961-1985	8:00 p.m.
Euclid, Ohio	2,300,000	1961-1983	1:00 p.m.
Hutchinson, Independent Sch. Dist. No. 423, Minn.	2,395,000	1963-1990	3:00 p.m.
March 22 (Tuesday)			
Dowagiac Union Sch. Dist., Mich.	1,990,000	1962-1989	8:00 p.m.
Minneapolis, Minn.	6,322,000	1961-1975	10:00 a.m.
South Milwaukee, Wisc.	2,500,000	1961-1980	2:00 p.m.
Toole County, Shelby High School District, Montana	1,200,000	-------	7:30 p.m.
Union County, North Carolina	1,000,000	1962-1981	11:00 a.m.
West Deptford Twp. Sch. D., N. J.	2,250,000	1960-1979	2:00 p.m.
March 23 (Wednesday)			
Port of Oakland, California	1,600,000	1962-1980	10:00 a.m.
March 24 (Thursday)			
Athens, Tenn.	1,050,000	1964-1986	2:00 p.m.
March 28 (Monday)			
Clackamas County School District No. 7 (P. O. Oswego), Oregon	1,712,000	1961-1980	8:00 p.m.
March 29 (Tuesday)			
Charlotte, North Carolina	2,265,000	-------	-------
Islip Union Free S. D. No. 12, N. Y.	5,629,000	-------	-------
March 30 (Wednesday)			
Chicago Board of Education, Ill.	25,000,000	1962-1980	-------
April 4 (Monday)			
Cincinnati School District, Ohio	4,000,000	-------	-------
April 6 (Wednesday)			
New Berlin Union Free High Sch. District No. 5, Wisconsin	2,400,000	1961-1980	8:00 p.m.
April 13 (Wednesday)			
Palm Springs, California	1,550,000	1961-1980	-------
Steubenville School District, Ohio	4,000,000	-------	-------
April 14 (Thursday)			
Clark County School Dist., Nevada	6,000,000	-------	-------
April 19 (Tuesday)			
*Triborough Bridge & Tunnel Authority, N. Y.	100,000,000	-------	-------
May 5 (Thursday)			
Central Contra Costa San. District, California	2,900,000	-------	11:00 a.m.
May 10 (Tuesday)			
Jacksonville, Fla.	30,000,000	-------	-------

*Negotiated offering by Dillon, Read & Co., White, Weld & Co., W. E. Morton & Co., and Allen & Co. syndicate.

May 10. The calendar immediately ahead is relatively light. There appear to be no important new negotiated issues under consideration for near term offering.

The *Commercial and Financial Chronicle's* yield index was 3.519% on March 9. Last week's average was 3.503%. The market's high point was 3.46% on 2/24/60. The drop represents about ¾'s of a point.

COMING EVENTS

IN INVESTMENT FIELD

March 11, 1960 (Kansas City, Mo.)
Southwestern Group of the Investment Bankers Association annual spring meeting at the Kansas City Club.

March 11, 1960 (Dallas, Tex.)
Dallas Security Dealers Association annual gin rummy tournament at the Engineers Club.

March 16, 1960 (Minneapolis-St. Paul)
Twin City Investment Women's Club meeting at Colman's.

March 16-17, 1960 (Chicago, Ill.)
Central States Group of Investment Bankers Association of America at the Drake Hotel.

Mar. 25-26, 1960 (Chicago, Ill.)
Chicago Chapter American Statistics Association & Chicago Association of Commerce & Industry 7th annual Mid-West Conference at Congress Hotel.

April 8, 1960 (New York City)
New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

April 8, 1960 (Toronto, Canada)
Toronto Bond Traders Association 28th annual dinner at the King Edward Hotel.

April 10-11-12, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

April 10-15, 1960 (Philadelphia, Pa.)
Institute of Investment Banking, Wharton School of Finance & Commerce, University of Pennsylvania.

April 28-29, 1960 (St. Louis, Mo.)
St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

April 29, 1960 (New York City)
Security Traders Association of New York annual dinner at the Waldorf Astoria.

May 9-10, 1960 (Atlanta, Ga.)
Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

May 17-18, 1969 (Omaha, Neb.)
Nebraska Investment Bankers Association annual Field Day.

May 19-20, 1960 (Nashville, Tenn.)
Nashville Security Traders Association Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

May 20, 1960 (Baltimore, Md.)
Baltimore Security Traders Association annual spring outing at Maryland Country Club.

June 16, 1960 (Minneapolis, Minn.)
Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Unquestionably, it doesn't seem proper for the Chairman of the Federal Communications Commission to accept the hospitality of the owner of a chain of radio stations whose renewal of license comes up next year. But the Congressmen who are raising cain with him are not doing so with clean hands.

They accept money to make speeches, with transportation and all expenses paid. Some of them even have a booking agent in New York who solicits engagements for them. As a man of all sorts around Washington I have had business groups call me asking to get a Congressman, a particular Congressman, as a speaker. They don't care whether he is a good or entertaining speaker. They are concerned only with his influence in Congress. Chairmen of committees are always in great demand. What the business groups want to do is to meet the Congressman or Senator and butter him up, show him they are all good fellows and responsible citizens.

The usual fee which Congressmen demand for their appearances is $500. The late Vice-President Barkley commanded a fee of $1,000. When he was still Vice-President he called up Truman once and asked that the President throw all money making speeches to him that he could, that he, Barkley, needed the money.

How about the campaign money received by Congressmen and Senators? Very few of them are so punctilious that they will turn down any contribution. Manifestly, the contribution is not made by a citizen who thinks the candidate will vote against his interests. In the case of labor money, it usually comes from one source where the donor makes no bones about what he expects.

The present House is under such a complete domination of labor that it was considered remarkable that it passed the labor bill it did in the last session. However, here was something that had aroused the country so much that letters were pouring in from indignant citizens and they couldn't escape the heat. They have been busy trying to explain and make it up to their labor constituents ever since.

However, it is contended that the Chairman of the Federal Communications Commission is a quasi-judge. But the present Chairman, John C. Doerfer, was haled up before the House committee at the last session and raked over the coals because he had been accepting fees to make speeches at radio conventions. It turned out that the law specifically provided that members of the commission could do this and at the time Mr. Doerfer contended he could not be asked to make himself a recluse from the industry. It was the industry he dealt with, he contended, and it was up to him to learn as much about it and keep in as close contact with it as he could.

He must have known that his trip on the yacht of the owner of a chain of stations would result in his being haled before the committee again. This did not stop him.

I must admit that it would look very bad if a judge trying a criminal had been entertained by that criminal. On the other hand, there is a certain official in Washington whom I have known for 25 years and have entertained at my house. Now, I have been trying to get a favor out of him for the past three weeks and he won't deliver. I would do better if I had never met the man.

It seems to me that the answer is whether Mr. Doerfer runs with one side all the time. I happen to know that he is just as friendly to the pros as he is to the cons. He is a friendly sort of a person. I have had lunch with him but, of course, I am not in the radio business.

I belong to the same country club as he does. He likes to play golf. In the great controversy about paid-TV he played golf with the lawyers who were for paid-TV and he played golf with the lawyers who were fighting it. Maybe all men can't do this and there should be some rules. In which event, there should also be some rules about members of Congress making speeches for pay.

Securities Trading Opens N. Y. Office

Securities Trading Corporation, 1 Exchange Place, Jersey City, N. J., has announced the opening of a New York City office at 19 Rector Street. John J. Carroll has been appointed co-manager of the new office. He was formerly with H. Kook & Co. and Simmons & Co.

The firm also announces that Robert Franklin, formerly with M. S. Wein & Co. for 22 years, has been named co-manager of the trading department of the Jersey City office.

New Officers for Merrill Lynch

On March 18 Jerome C. Cuppia, Jr. and Nolan C. Darby, Jr. will be named Vice-Presidents of Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine St., New York City, members of the New York Stock Exchange. Mr. Darby is located in the firm's Birmingham office.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Boat Stocks Are Growth Stocks—Analysis of industry with particular reference to **Glasspar Co., Outboard Marine Corp., Owens Yacht Co., Performer Boat Corp., Pearson Corp., Red Fish Boat Co., Span America Boat Co., United Marine, Whitehouse Plastics Corp.** and **Wizard Boats, Inc.** — R. A. Holman & Co., Inc., 54 Wall St., New York 5, N. Y.

Bonds for Portfolio—Review of Government tax-exempt and corporate issues—H. Hentz & Co., 72 Wall St., New York 5, N. Y.

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current Foreign Letter.

Canadian Mining Stocks — "Blue Book" of data—Draper Dobie and Company Ltd., 25 Adelaide St., West, Toronto, Ont., Canada.

Electronic Stocks—Review—Hill, Darlington & Co., 40 Wall St., New York 5, N. Y.

European Securities — Review of **Philips Gloelampen, Unilever, Pechiney, Siemens & Halske, Imperial Chemical Industries Ltd.,** and **Birmingham Sound Reproducers**—Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

Evolution in Europe (the EEC and the EFTA)—Discussion—Bank of Nova Scotia, Toronto, Ontario, Canada.

Fifteen Selected Over the Counter Stocks—Analyses of **Allied Radio, Bar Chris Construction, Chicago Aerial Industries, General Merchandise, Jamesbury Corp., National Key, Pepsi-Cola United Bottlers, Ryder System, Sandura, Scott & Fetzer, Sprague Electric, Swan Rubber, Thermo King, Tractor Supply,** and **Wright Line** — Herbert E. Stern & Co., 52 Wall St., New York 5, N. Y.

Investing in Services — List of service securities which appear interesting—Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y.

100 Largest Banks—Comprehensive analysis — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available is a study **"How to Profit While Paying Capital Gains Taxes."**

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Public Utility Stocks with Tax Free Dividends — Brochure — Hayden, Stone & Co., 25 Broad St., New York 4, N. Y.

Railroad Income Bonds—Review—Vilas & Hickey, 26 Broadway, New York 4, N. Y. Also available is an analysis of **Hercules Powder Co.**

Recommended Investment Lists—For Income, Growth, Yield and Income and Growth—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Eastman Kodak Company** and **Kimberly Clark Corporation.**

Steel Industry — An appraisal — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a bulletin on the **Meat Packing Industry** and a memorandum on **Johns Manville.**

Stock Market Today—Analysis—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y. Also available is a review of **Small Finance and Loan Companies.**

Sugar Situation—Review in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine St., New York 5, N. Y. In the same issue are brief analyses of **Clark Equipment Co., Gustin Bacon Manufacturing Co., Borg Warner Corp., Drackett Co., Penn Olin Chemical Co., Hat Corporation of America, Firestone Tire & Rubber Co., Midland Ross Corp.,** and **Pacific Hawaiian Products Co.** Also available are memoranda on **American Heritage Life Insurance Co., Beneficial Finance Co., General American Oil Co. of Texas, Gulf Life Insurance Co., Montana Dakota Utilities,** and **Seeburg Corp.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers. Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

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ABC Vending — Data — Purcell & Co., 50 Broadway, New York 4, N. Y.

Acoustica Associates, Inc.—Memorandum—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available is a memorandum on **Air Express International Corp.**

Air Products—Review—Shields & Co., 44 Wall St., New York 5, N. Y. Also in the same bulletin are a review of **American Telephone & Telegraph** and a list of interesting second grade bonds. Also available is a bulletin on **Aerojet-General Corp., Thatcher Glass Manufacturing Co., Borman Food Stores Inc., Ogden Corp.** and **Piper Aircraft Corp.**

Allied Stores—Bulletin—Hirsch & Co., 25 Broad St., New York 4, N. Y.

Allis-Chalmers — Annual report—Allis-Chalmers Manufacturing Co., Shareholders Relations Department, 1125 South 70 St., Milwaukee 1, Wis.

Alpha Portland Cement—Analysis—F. P. Ristine & Co., 15 Broad St., New York 5, N. Y.

Aluminium Ltd.—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also in the same circular is a review of **Frigikar Corp.**

American Laundry Machinery — Memorandum—Westheimer & Co., 322-326 Walnut St., Cincinnati 2, Ohio.

Arkansas Louisiana Gas—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y. Also available is an analysis of **Futterman Corp.**

Armco Steel Corp. — Review — Fahnstock & Co., 65 Broadway, New York 6, N. Y. Also in the same circular is a review of **Fruehauf Trailer Co.**

Armour and Company—Analysis—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are reviews of **American Telephone & Telegraph Co., Shamrock Oil & Gas** and **General Cable** and a study of **Selected Common Stocks** in Consumer Goods or relatively stable industries, Intermediate and Heavy or Cyclical Industries.

Bristol Myers Co. — Analysis — Blair & Co., Inc., 20 Broad St., New York 5, N. Y.

Carborundum Co.—Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Colgate Palmolive Co., Consolidated Natural Gas Co., Minnesota Mining & Manufacturing Co., Outboard Marine** and **Safeway Stores.**

Carriers & General Corp.—Analysis—Gude, Winmill & Co., 1 Wall St., New York 5, N. Y.

Celanese Corp. — Analysis — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Central Hudson Gas & Electric Corp.—1959 annual report—Central Hudson Gas & Electric Corp., Poughkeepsie, N. Y.

Chicago Transit Authority — Review—Illinois Co., Inc., 231 South La Salle St., Chicago 4, Ill. Also available is a circular on **Grand Rapids, Mich. Expressway Bonds.**

Clark Controller—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Dayton Aviation Radio & Equipment Corp. — Study — Simmons, Rubin & Co., Inc., 56 Beaver St., New York 4, N. Y.

Duffy Mott Co.—Memorandum—Chesley & Co., 105 South La Salle Street, Chicago 3, Ill.

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Where Profits Are Obtainable In the Domestic Oil Industry

By Charles W. Haynie,* *Carl M. Loeb, Rhoades & Co., N. Y. City*

Avoiding generalizations about the oil industry, Mr. Haynie segments the industry geographically and by type of operation in order to provide useful ideas on how to select oil shares that offer good opportunities for sound investment. The analyst, for example, specifies the type of domestic integrated refiners that should come into a few good profit years ahead; recommends integrated oil stocks of firms with the largest interest outside the normal oil producing, refining and marketing business; and advises security analysts to adopt a different approach in their analysis of oil companies.

If I accomplish nothing else I hope I can at least clean up some of the misunderstanding about the important and onetime most popular oil industry. Don't misunderstand me I am not going to state that oil shares, as a group, should still sell at the same ratio to the market as they did in early 1957. To do this would be misleading, since the current conditions in the free world oil industry are such that many oil shares deserve to sell at prices lower than their peak in 1957. Neither am I going to bury the oil industry and state that no longer will it ever be attractive for investment.

Charles W. Haynie

What I shall try and do is to point out what factors are important to profits and growth in profits and explain how to evaluate these factors in selecting investments in this industry.

Breakdown Geographically and By Type of Operation

First I would break down the oil industry geographically and then by types of operation.

Since my paper centers on the domestic portion that will be my first segregation. Second, because of the different prospects within the industry, it is necessary to distinguish between a strictly producing company, an integrated company which produces more than 50% of its refinery requirements, and an integrated company which produces less than 50% of its refinery requirements.

Crude Oil Producers

Independent producers are engaged primarily in exploring for, developing and selling, crude oil and natural gas. Their market consists of the nation's refiners and natural gas consumers or transporters and they usually sell their crude oil at posted prices at the wellhead. They have no controlled markets of their own. Therefore **their profits are dependent primarily on the quantity of production and the price.** The cost of finding, development and producing, have longer term implications.

A producer with a good discovery record is, therefore, at an advantage over its less fortunate competitors provided, of course, his newly found field is convenient to transportation facilities and that he can sell his oil. While new reserves add to the intrinsic value of the company, profits are not derived from operations until such time as the oil is sold. There are literally thousands of independent producers with the number which have publicly held securities running into the hundreds. The **outlook for this group of domestic producers** is not so good. To effect a correction in the large oversupply of finished petroleum products it will be necessary to hold down production of crude oil. Therefore, the volume of oil production this year is not expected to show any marked increase. As to the price of crude oil, there is very little chance of any increase in the next couple of years, in view of the large excess capacity to produce and with the government protecting the domestic producers by restricting imports of low cost foreign crude oil. Furthermore, the integrated companies are making every effort to increase the production of their own crude oil in order to improve their profit margins. Statistically the production phase of the oil business has always provided the largest share of the integrated companies' profits and is expected to continue to do so.

Now you can understand why several of the independent crude oil producers have been willing to merge with the large integrated companies. In order to make a tax-free exchange these producers prefer to accept shares of large well known companies. It appears, however, that the Department of Justice is going to continue to carefully screen any such proposals, therefore a large independent producer has little chance of selling out to a large integrated company at this time. Smaller producers may find it easier to merge.

Domestic Integrated Companies

Next comes the domestic integrated companies which produce more than 50% of their refinery requirements. While independent producers have a relatively poor outlook, these integrated producers appear to have the best outlook of any domestic group. **Profits of the integrated companies depend on the volume and price of crude oil production and the volume and price of finished products sold.** While these companies are effected by proration the same as the independent producers they at least have more of an incentive to look for new reserves. With captive markets and usually a stronger financial condition they can afford to spend more money exploring for oil and gas even though proration will hold down their rate of production. This is particularly true now that their refining capacity is sufficient and will require very little additional monies over the next few years.

The integrated company's major difficulty at the present, is the price which it receives for its finished products. Unit profits from refining depend largely on the spread between the dollar realizations from the sale of finished products and the cost of purchased crude oil since operating costs vary only slightly from year to year. According to the Independent Petroleum Association of America this refiners margin declined to a low of around 66¢ per barrel in 1958. Out of this the companies had to pay the cost of transporting the crude oil to the refinery and the cost of refining the crude. The 66¢ obviously did not cover all these costs. In early 1959 the margin rose to about 94¢ but subsequently declined to around 78¢ per barrel in December and is now probably around 75¢.

The reason for this low margin is attributable to the industry's failure to adjust supply to demand. It must be remembered, however, that the oil companies have to plan on a normal winter and so far the 1959-60 winter has been at least 4% warmer than normal, and 10% below last year. This does not completely excuse the companies for their failure to control inventories since there was already more than an ample supply of heating oils. As to the outlook for this refinery margin—it will improve only when the industry corrects its inventories and since the next few months represent the seasonal low point in demand, it is unlikely that any major correction will be effected until after the gasoline season gets under way this summer. It can, however, be accomplished and probably will be done sometime in 1960. In 1960 the volume of products sold is expected to be higher despite the poor showing so far due to the warmer weather. Thus, for the integrated producers on balance there is a possibility of an improvement in earnings both from higher volume of sales as well as from higher product prices. Also many of these integrated companies have new production coming on stream and should be in a position to realize more earnings from this source.

Integrated Refiners-on-balance are even more affected by the refiners margin since they produce less than 50% of their refinery requirements. In other words with the price of crude oil fairly stable, these companies have had to continue to buy crude oil at around $3.00 per barrel, down from a high of $3.16 in 1957, and yet the dollar realizations from sale of a barrel of products has slipped from a high of $4.25 in 1957 to about $3.75 currently. These same companies are the ones which have been aggressive in looking for lower cost foreign oil, in an effort to improve their profit margins. The restriction on oil imports have, however, prevented these companies from realizing their full potential on some recent foreign discoveries. On the other hand, many of these refiners, even those without foreign production have been granted import quotas which are worth somewhere between 85¢ to $1.00 per barrel in profits before taxes.

Sees a Few Good Profit Years Ahead for Some

Over the next few years the annual rate of growth in domestic oil consumption is expected to average around 3½% as compared with an average of 6% in the 10-year period from 1946 to 1956. While the rate of growth has been nearly cut in half the actual amount of the increase is 350,000 barrels per day now, which is still higher than the average amount of increase in the period from 1946 to 1950. With no new refinery capacity expected until 1962 even this lower rate of growth in demand will be sufficient to absorb the excess refining capacity by 1962. In 1959 domestic refiners operated at 82% of capacity and in 1960 it is expected to operate at 85%. Each additional 350,000 barrels per day will increase this ratio by 3.6 percentage points. As the 90% level is approached there should be a lessening of pressure on product prices provided, of course, that import restrictions continue at their present ratio to demand. Since it takes nearly three years to construct and put a refinery into full operation there could be a few good profit years ahead for the domestic refiners.

With this lower rate of demand growth it will, however, be difficult for many of the domestic oil companies to effect much of a growth in earnings after higher refining profit margins are reached. Therefore, the more attractive integrated oil stocks will be those companies with the largest interest outside the normal oil producing, refining and marketing business. The market for natural gas is expected to grow at the rate of 5% per year. Chemicals from petroleum should have a growth rate of at least 8% and the liquefied petroleum products demand should expand at 8% per year. These are the areas of diversification most closely tied in with the oil business which could benefit oil companies' earnings materially over the next few years.

Criticizes Security Analysts

As I have said before, to the members of the New York Society of Security Analysts, I feel that security analysts must find a different approach to the analysis of oil companies. Much more attention should be paid to the fundamentals particularly the economic outlook of the industry. Secondly, except for some of the smaller companies which could be merged, the appraisal values mean nothing today. More important are the profits by departments, which companies do not divulge, but can be approximated from information available. In other words, let's look more at the earnings, what good are 50 billion barrels of foreign oil reserves if you can't bring the oil into this country or sell it abroad.

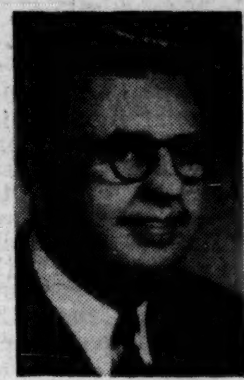
One thing I have not mentioned, and that is, management. While it appears that the managers of oil companies have failed to perform in the best interest of the shareholders during the last two years—they are still considered very capable, and I am sure that you will see evidence of this in the not too distant future.

In conclusion, let me say that I feel that the oil industry still offers good opportunities for sound investment and I have little doubt that many of the problems facing the industry will be overcome eventually even though there may be some new problems developing. A selection should include those companies which can continue to grow after the current oversupply situation is cleared up. I trust that I have given you some ideas as to how to select your oil shares.

***A Helen Slade Memorial lecture given by Mr. Haynie at the New School for Social Research, New York City, Feb. 23, 1960.**

Edward Welch Leaves on Tour

Mr. and Mrs. Edward H. Welch (Sincere and Company), Chicago, sailed on March 9 for Gibraltar on a European trip. Mr. Welch is Chairman of the NSTA Convention Committee.



Edward H. Welch

Forms T. J. McDonald Co.

WASHINGTON, D. C. — T. J. McDonald & Co. has been formed with offices in the DuPont Circle Building to engage in a securities business. Officers are Thomas J. McDonald, President; Milton Gordon, Vice-President; and M. J. McDonald, Secretary-Treasurer.

The American Economy and One's Investment Policy

By Julian D. Weiss,* President, First Investment Company, Inc. Los Angeles, Calif.

Preceding his investment advice, studded with names of issues illustrating the type of holdings believed to afford good relative value at this time, is Mr. Weiss' analysis of the economy's strong and weak areas and probable performance. The investment counselor counsels avoidance of speculative equities and recommends balanced portfolio with selection of stocks leaning toward firms likely to expand and enjoy a good competitive position. He finds that the P/E ratio, in general, of 17 or 18 times 1959 earnings is high but hastens to explain why it is less out of line than is commonly assumed.

I. Business Outlook—Domestic

(A) **Long-Term—Decade of the 1960's:** The statistical data set forth in Exhibit "A" attached, indicates the American economy's growth over the past several decades. It also indicates the rapidity of the improvement between 1949 and 1959 in virtually all facets of the economy. However, it should be emphasized that not everything has been favorable. It is true there has been a great growth in population, in building activity, in personal income, in corporate profits, in gross national product, etc. However, at the same time it is interesting to note that the cost of living (a rough measurement of inflation) has increased by roughly 53% over the past 20 years and about 25% over the past decade. Also, there has been a tremendous expansion in debt. Thus, public and private debt increased from $183 billion in 1939 to $450 billion in 1949, to $800 billion in 1959. The 1959 figure represents a 79% increase over a decade ago.

Julian D. Weiss

Most of the factors that contributed to the great economic progress of the past decade are still operative. Further impetus will be derived from the great step-up in research expenditures (which increased five-fold over the past decade to $10 billion) and which are opening up new industries and new markets and which are expanding the markets for existing industries. The great population boom and the implications thereof will continue to be operative. The huge capital expenditures being made and to be made by American industry will continue to increase productivity. However, the degree of increase will be importantly affected by the attitude of labor and work practice rules, particularly with regard to the possible reduction of "feather-bedding." There is some question relative to the degree to which supply of money will be increased and, in the event this fails to take place, it could have a restrictive effect on the rate of growth. However, this will be importantly affected by policies adopted by the Federal Reserve. "Built-in" inflation will continue to be a factor to be reckoned with.

Money rates are likely to continue to be relatively high, particularly in relation to those which obtained in the late 1930's and for a major part of the 1940's. Stock prices are likely to rise appreciably in keeping with the rise in gross national product and in profits. However, it must be stressed that the sharp rise in stocks over the past decade is not likely to be duplicated, firstly, because they will be measured in relation to a much higher base and, secondly, because the price-earnings ratios at which equities currently sell are not likely to expand appreciably. Putting it another way, stock prices over the past decade have gone up considerably more than earnings. Thus the price-earnings relationship which a decade ago was at a low 8½ or 9 times earnings is at better than 17 times earnings in relation to 1959 and at perhaps 15 times earnings in relation to 1960.

However, from an overall viewpoint, just as we had the "roaring '20s," the "depressed '30s," the "fabulous '50s," we are likely to be able to characterize this new decade as the "surging '60s."

(B) **Domestic Forecast — Year 1960:** It would appear the gross national product will approximate $510-$512 billion compared with roughly $477 billion in 1959 and $442 billion in 1958. Of this projected increase of roughly $33 billion, some $20 billion is likely to occur in the consumers' area. Thus, consumer spending may well aggregate $340 billion, compared with $313 billion in 1959 and $293 billion in 1958. The current rate (annualized) is around $320 billion.

The ability to buy and the willingness to buy clearly appear to be present. Employment presently is at roughly 66 million persons and unemployment is only 3½ million, or about 5% of the labor force. In addition, wage rates are at an all-time peak and are trending upward. In the currently expanding stage of the cycle jobs will appear to be secure and a high level of purchases is probable, accompanied by further substantial expansion in consumer debt.

The second major spending stream is in the area of government expenditures. Federal expenditures for goods and services are likely to increase less than a billion dollars from the $54 billion estimated for 1959.

With regard to the total budget for the coming fiscal year, the administration projects income of about $84 billion (based on a rather optimistic economic forecast and revenues to be produced from corporate earnings, etc.) and expenditures of about $80 billion. The $4 billion projected surplus seems to be optimistic and more likely will wind up at $1-$2 billion. The budget for defense expenditures remains virtually unchanged at $41 billion. To this $5 billion must be added for atomic energy and for military aid. There is "built-in" expansion in the government's social and welfare programs and in this area additional government expenditures will continue to occur over the long-term.

Expenditures by states and municipalities have moved up sharply in the past decade from $18 billion in 1949 to $40½ billion in 1958, to $44 billion in 1959. These expenditures are likely to approximate $47 billion in 1960.

Taxes will remain very high. The talk about reduction in rates, etc. must be considered purely as "conversation," and in fact, if changes are made to reduce tax rates such "percentage reductions" are likely to be fully offset by closing the so-called loopholes which would increase taxes to the upper middle and higher bracket tax-payers.

The third main spending stream is in the area of capital expenditures by industry. Total new construction will be roughly unchanged in 1960. There will be an increase in heavy construction. (However, new housing starts are likely to decline to 1,150,000 units compared with 1,300,000 units in 1959, which is in reflection of the tight money situation.)

Plant and equipment expenditure will be comfortably higher. These are estimated at $37 billion compared with about $33½ billion last year. The biggest stimulus in the business expenditure area will be accumulation of business inventories, in large part resulting from the present low inventory situation in the wake of the protracted steel strike. Inventory accumulation is likely to aggregate $6-$8 billion, a major portion of which will occur in the first half of 1960.

Auto production will be up to perhaps 6½ million units compared with 5.6 million last year. Sales will exceed 7 million units, of which more than 500,000 will represent sales of small foreign cars.

(C) **Possible Business Turn-Down Around End of 1960:** In my opinion, the economy faces a modest readjustment starting perhaps a year hence. However, I feel that the decline will be moderate. This has been characteristic of three economic readjustments since World War II, namely, in 1948, 1953, and in the mid-1957 to April, 1958 downswing. The contra cycle action by government which was reflected in tremendous expenditures has been able to mitigate the downward economic impact and this is likely to be true of the next readjustment.

The prospective down-swing is likely to reflect three factors:

(1) Time Element: the current upswing has been going up since April, 1958. By the end of 1960 there will have been the normal 32 months' upswing cycle.

(2) Inventory accumulation largely will be completed.

(3) Consumer debt will increase sharply during 1960. In this context a decade ago there was a huge supply of unused credit. This is no longer the case. There will have to be a period of "digestion" of the huge increase in debt.

II. Foreign Situation

There has been a marked outflow of gold in the past few years. Some analysts are disturbed by this as it reduces our credit base. In addition, exports have been declining as shown below:

Commercial Exports

1956	$17,300,000,000
1957	19,500,000,000
1958	16,300,000,000
1959	16,200,000,000
1960 (est.)	18,200,000,000

However, it should be noted that 1957 exports were inflated up about $2¼ billion, reflecting the closing of the Suez Canal which resulted in abnormally large oil exports from the United States. On the other hand, the projected increase of $2 billion in exports this year is largely non-recurring, as perhaps $1 billion of this will be exports of commercial jets.

For the past few years imports have moved up about 20% or roughly $1¼ billion a month compared with slightly over $1 billion monthly average for 1956-1958.

This radical shift in our export-import situation has resulted from:

(1) Our wage rates are considerably higher than those abroad.

(2) Foreign countries (particularly Japan, Germany and other countries) have greatly improved their technology to where in many areas they are fully competitive with our methods.

(3) Our cost type inflation has been a contributing factor by virtue of the fact that wage costs have been increasing more rapidly than productivity.

It is quite obvious that the solution is not for the United States to put into effect large tariffs on imports. This would greatly weaken our position politically and strategically vis-a-vis our Western allies. It is essential that wage increases should not exceed increase in productivity. It is further important that industry attempt to hold down prices as much as possible.

III. The Money Market

Interest rates have sustained an appreciable increase. Municipal bonds are near a 25-year low. The yields on government bonds have more than doubled over the past 15 years. (Prices of government bonds have declined sharply.) The money situation is extremely tight, partly in reflection of economic factors and partly in reflection of the restrictive policies of the Federal Reserve, which has been endeavoring to fight inflation. The supply of money has increased only 1% this past year, which contrasts with huge increases in money supply over the past decade. Economic forces point to continued large borrowings by individuals and by business. However, the demand side of the equation with regard to capital requirements by industry is partly offset by the marked increase in the net working capital position of American industry and by the huge cash flow. Thus the depreciation cash throw-off is around $21 billion compared with $9 billion in 1951 and around $5½ billion in 1947. If we add this to corporate earnings after taxes ($24-$25 billion in 1959 and $27 billion estimated for 1960), we have a gross cash flow of $46-$47 billion. In other words, the internal cash generation would come within $3 billion of offsetting capital requirements plus dividends (plant and equipment expenditures of $37 billion and dividends of $13+billion).

There is no basis for anticipating an easing in money rates over the period just ahead. Indeed, they may get a bit tighter. However, it would appear that a year hence money rates will be slightly lower and bond prices slightly higher.

IV. The Stock Market

Since the end of World War II, stocks have gone up about 3¾ times, while earnings and dividends have roughly doubled. As indicated above, it would appear that the 1960's will witness a further increase in equity prices but that the degree of increase will be less than that which took place in the 1950's. However, the long-term outlook clearly appears upward because of inflation, population growth, improved technology, etc. In addition, individual and institutional attitudes toward stocks have undergone a marked change in favor of equities, as contrasted with bonds. This is likely to continue, particularly in light of inflation and the growth of the economy. The development of new, huge sources of demand for equities, such as the mutual funds, which now have over $15 billion in assets, as well as increased buying by trust departments and other institutional investors, will continue the favorable supply-demand relationship.

However, it must be recognized that, from a quantitative basis, equities appear quite fully priced and that existing price-earnings relationships discount at least a portion of the anticipated improvement in earnings and dividends. Thus, any further rise is likely to occur only to the extent of actual improvement in earnings. However, the price-earnings ratio, while admittedly high at 17 or 18 times 1959 earnings, is less "out of line" than is commonly assumed. It probably is only 15 times projected earnings for 1960. Assuming a growing economy and that corporate earnings keep pace, this would not seem to be an unreasonable price relationship. However, it may require some moderate downward readjustment reflecting the "bond-stock ratio" whereby bonds today yield substantially more than do equities. Also, a fear of foreign competition militating against future earnings progress may be an increasingly cautionary factor. In the face of our earnings estimate of an increase of 10%-13% and a dividend increase of perhaps 5%-8% in relation to the $12¾ billion dividends of 1959, we would say that the probabilities

EXHIBIT "A"

	1919	1929	1939	1949	1959	1949-59 % Gain	1969 Proj.
Population (millions)	105	122	131	149	179	+ 20	215
Housing Starts (thousands)	330	509	515	1,025	1,320	+ 30	2,000
Research Expenditures (millions)	$43	$129	$260	$2,110	$10,000	+480	$19,000
Capital Expenditures (billions)	---	---	$5.5	$19.3	$33.2	+ 74	$63.0
Output per Manhour (1958 dollars)	$1.40	$1.75	$2.15	$2.30	$3.45	+ 50	$4.25
Employment (millions)	42	48	46	59	67	+ 14	78
Gross National Product (billions)	$77.1	$104.4	$91.1	$258.1	$480.0	+ 88	$700.0
Hourly Wage Rate	$0.48	$0.57	$0.63	$1.37	$2.22	+ 61	$3.20
Personal Income (billions)	N.A.	$85.8	$72.9	$208.3	$385.0	+ 85	$525.0
Industrial Production—(FRB Index 1947-49 = 100)	39	59	58	97	150	+ 52	200
All Govt. Expenditures (billions)	---	$10.0	$19.8	$60.0	$130.0	+117	$190.0
Public and Private Debt (billions)	---	$191	$183	$450	$800	+ 75	---
Value of dollar (1947-49 = $1.00)	$1.35	$1.36	$1.68	$0.98	$0.80	— 20	$0.60
Corp. Profits after taxes (billions)	$5.7	$8.3	$5.0	$16.0	$24.0	+ 50	---

SOURCES: Departments of Commerce, Labor, Federal Reserve Board.

point to a "trading range market" for 1960. I am not inclined to believe that the potential high would exceed 700 on the Dow-Jones Industrials. The possible low might well be in the area of roughly 600 or a little less.

V. Investment Policy

In light of the foregoing, the following conclusions require emphasis:

(1) This is not a time to aggressively increase risk by buying speculative equities.

(2) Caution must be exercised, particularly in the area of purchasing "romance stocks" which in many cases are selling at 40 or more times earnings.

(3) Portfolios should be in a balanced position, with a good backlog of bonds (particularly convertible bonds where obtainable reasonably close to a money market basis) and defensive-type common stocks as, for example, the public utilities. There is a sound basis for buying municipal bonds for investors in the higher tax brackets.

(4) Careful attention must be paid to selectivity. It is interesting to note that, despite the rise in the Industrial Average last year, some 40% of the stocks on the New York Stock Exchange actually declined in price, and some groups sustained important decline. Investments should be confined to issues where there is a probable expansion in demand for the product of the given industry, where the particular company enjoys a good competitive position, and where higher earnings and/or dividends can be anticipated for 1960. Careful attention to these elements, supplemented by regular review, should make possible a long-term continuation of favorable investment results despite the neutral to moderately lower stock market outlook over the short-term.

Typical Issues Favored

There are various issues which exemplify the type of holdings that afford good relative value at this time, giving due consideration to growth potentials and, at the same time, cognizance to the desirability of limiting downside risk.

The aluminum group appears particularly attractive for growth. Some of the issues in the group as, for example, Reynolds Metals, already have enjoyed a significant rise in price. Of particular interest to the investor who is not interested in rate of return is Aluminium, Ltd., which is only modestly above the lows that prevailed in the fall of 1957, when the Averages were some 200 points below present levels. Last quarter earnings showed marked improvement, and further worthwhile earnings gains are expected for 1960 and 1961. Firming in the world aluminum situation should be a factor contributing to betterment in operations. Aluminum Company of America affords excellent value in the high grade category.

The electronics and related industries present difficulties. Most analysts are agreed on the favorable long-term outlook. However, the implementation in terms of specific issues is difficult, as most issues are selling at tremendously high price-earnings multiples. In the better quality group, General Electric and Westinghouse afford excellent value. Of the secondary companies, General Precision Equipment is undergoing a marked transformation which could mean important benefits for the stock, reflecting both higher earnings and an increased price-earnings multiple.

Selected electric utilities, particularly those in growth areas, are attractive for a combination of income and long-term growth. This would include issues such as Houston Light & Power, Pacific Gas & Electric, Southern California Edison, Florida Power & Light, Tampa Electric, Southwestern Public Service, Arizona Public Service, etc. In the prime investment category, American Telephone & Telegraph appears distinctly attractive on a long-term basis, not only for income but for growth. The market is beginning to recognize A. T. & T.'s participation in electronics and other romance areas through its ownership of Western Electric. Another dividend increase in the next year or so would not be surprising. The gas stocks appear subject to limited downside risk. One of the most interesting in the distribution group is Peoples Gas, which is enjoying a market uptrend in earnings. There would appear basis for anticipating another dividend increase in the course of the next year or so.

Selected banks and insurance stocks appear to have merit. In addition to some of the New York banks, it would appear that banks in growth areas of California and Texas have particular merit. The aggressive management of the Union Bank & Trust Company of Los Angeles is being reflected in better than average earnings improvement and further marked growth is anticipated. The same applies to Republic Bank of Dallas. Continental Insurance Company, one of the few insurance stocks listed on the New York Stock Exchange, is currently undergoing marked improvement in its previously unsatisfactory underwriting experience. This, coupled with large portfolio income, renders this issue, which is selling at a considerable discount from the value of its portfolio, of interest to the investor desiring a quality issue with interesting upside potentials over the next year or two.

Some of the issues in the retail group have been neglected in favor of the "glamour stocks." In the quality group, Federated Department Stores affords good value; while in the business risk category, Spiegel, Inc., selling at less than eight times anticipated earnings for 1960, affords good value. This stock has sold off sharply of late in the wake of profit taking subsequent to its stock split and dividend increase.

Consideration should be given to another basic trend in our economy, increased leisure time, which contributes to widespread increases in the number of people engaged in recreational activities. This renders of interest such issues as Brunswick-Balke-Collender, American Machine & Foundry, and Outboard Marine.

Careful evaluation of areas such as those exemplified above should contribute to favorable results for the long-term investor.

*Resume of a talk by Mr. Weiss before the Annual Meeting of Teachers Association Mutual Fund of California, Inc.

Larchmont Investors Formed in Mamaroneck

MAMARONECK, N. Y.—Veteran investment advisor Loucas P. Hriston, formerly associated with Mansfield Mills, a founder of American Investors Company and a founder in 1957 of American Investors Fund, Inc., a mutual investment company, has been named President of the newly established Larchmont Investors, Inc., 444-446 Halstead Avenue. This was announced by Bernard Kardon, founder and director of the Harmon-Kardon Corporation who will serve the new organization as Secretary-Treasurer.

Mr. Hriston has resigned from American Investors Company, and from the American Investors Fund, from which he was a Director, Executive Vice-President, Treasurer and member of the Investment Committee, to join Mr. Kardon and other business and financial experts in the founding of Larchmont Investors.

A broad range of financial guidance and publishing programs is planned by the new company.

Japan's Economic Progress And the American Investor

By Roger W. Babson

Mr. Babson says "watch Tokyo" in a brief appraisal of Japan's development prospects. In his opinion, advantages in bond and stock investments there are outweighed by currency exchange problems, taxes and other restrictions—though they should be watched and not ignored. In time, Mr. Babson avers, Tokyo will become the world's economic center of gravity just as New York succeeded London.

The recent signing of a new treaty between the U. S. and Japan may one day be reckoned as a major turning point in our history. By this treaty we have raised our mortal enemy of less than 15 years ago to a new position of prestige in the world community. This should further spur Japan's spectacular postwar recovery, and also help protect U. S. interests in the Far East.

Unparalleled Progress

At the end of World War II, the economy of Japan lay in ruins. Tokyo itself was a pile of rubble and nearly 50% of the nation's industry had been destroyed. Thanks to the enlightened leadership of Gen. Douglas MacArthur and to the amazing capacity of the Japanese themselves, the economic life of the country was quickly restored. Instead of being submerged by her conqueror, Japan regained full sovereignty and then achieved economic progress matched by no other nation.

Japan's gross national product has more than doubled during the past short ten years. There has been a 400% increase in industrial production. While per-capita income at $270 per year is very small by U. S. standards, it is the highest in all Asia. Since prices are still low in Japan, this sum will purchase three times as much goods and services as in the U. S. If Japan can escape war in the next ten years, I predict she will double her present living standards.

Great Strategic Value

Although much smaller than Red China in population, in territorial size, in natural resources, and in military might, Japan possesses the most concentrated and most readily usable industrial power potential in the Far East. That, plus her location, makes her strategically important to us, or to the Communist bloc.

Japan stretches some 2,000 miles across the principal approaches to East Asia. Opposite her islands lie the southeastern extremities of Russia, the cruelly partitioned land of Korea, and the middle east coast of China. If you look at your globe, you will see that the "Land of the Rising Sun" occupies a geographical position relative to East Asia similar to that which Britain occupies relative to Western Europe.

Expanding Securities Market

Japan's ancient culture has been derived mainly from China, but her modern culture is largely Western and American. She is bound to the Free World by ties of strategy and economy and has good reason to steer clear of the Soviet camp. Thus Japanese postwar growth is now following traditional capitalistic lines, for the most part.

A significant aspect of that growth has been the development of a very active securities market. The rising need for venture capital is being met as the high yields and low prices of Japanese securities attract funds from all over the world. In my opinion, however, the advantages Americans can gain by buying Japanese stocks and bonds are outweighed by currency exchange problems, taxes, and other restrictions. Nevertheless, this phase of Japan's development will bear watching.

Dream of World Leadership

The Japanese are ambitious, resourceful, and hardworking. They have not abandoned their old dreams of world leadership, but they may have learned the folly of trying to conquer by arms. With nearly 100,000,000 people compressed into 142,644 square miles, they must export or die. As they struggle to exist, their skill in finance, craftsmanship, industrial management, and commerce poses a more immediate threat to our U. S. world trade position than do current Russian policies.

Certainly world trade will become increasingly competitive and it will do us no good to hide behind tariff walls. Already Tokyo is the world's largest city. Some day the world's economic center of gravity — which moved from London to New York in the forepart of this century—may pass to this oriental capital. Other large cities, in order of rank, are: London, New York, Shanghai, Moscow, Mexico City, Peking, Buenos Aires, Chicago, Berlin, Sao Paulo, Leningrad, Calcutta, Tientsin, Rio de Janeiro, and Paris. Note that five of the sixteen largest cities are in Asia, while only three are in North America.

McDonald & Co. To Admit Two

CLEVELAND, Ohio—McDonald & Company, Union Commerce Bldg., members of the New York and Midwest Stock Exchanges, will admit Russell I. Cunningham and Stuart B. Goldthorpe to partnership on April 1. Mr. Cunningham was formerly President of Cunningham, Gunn & Carey.

Friedlich to Be A. G. Becker V.-P.

CHICAGO, Ill. — On March 17 John Friedlich will become a Vice-President of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

H. Michnick Opens

ANNANDALE, Va.—Howard Michnick is engaging in a securities business from offices at 7165 Gallows Road.

The Underwriter's Task In Today's Financings

By James W. Shoemaker,* Partner, Schwabacher & Co. San Francisco, Calif.

California underwriter explains the services provided by an investment banker from the very inception of a new issue to its final marketing. He draws upon his own experience to illustrate points discussed and pays particular attention to the private firm entering the public market and to the importance of using an attorney skilled in the field of SEC practice in all flotations. Mr. Shoemaker reviews: what goes into the determination of what can and cannot be sold; the attributes a company should have for a public offering; and the difficulties in underwriting a small issue of securities, in selecting a new issue price, and in keeping up with the investor's latest love.

I want to give a little of the background of new financing. How we in the investment banking business decide what we can sell and with the aid of attorneys and accountants and printers, bring our offering to the public. First, let's look for a moment at the reason we need such a galaxy of talent to sell a new issue of securities.


James W. Shoemaker

By and large the Federal and State legislation for the regulation and sale of securities to the public is well conceived. The administration of these statutes, the interpretation manifest in the mounting decrees of various regulatory bodies may be something else.

Bureaucratic regulation is a richer bonanza to the legal profession than the Comstock Lode ever was to the 19th Century entrepreneur. The Comstock played out and Virginia City became a ghost town. Year by year the vein of business regulation becomes richer, more prolific, and a greater boon to the legal profession.

Some years ago in my home State of California an official of the Corporation Commission told us that the price we intended to ask for a stock we expected to offer to the public was too high. I pointed out that according to the formula he was using, most stocks listed on the New York Stock Exchange were too high also, and furthermore, I didn't consider pricing to be part of the Commission's function.

Although the SEC had approved our issue, the Commission held up our offering for about 10 days. We finally got a permit to sell this issue at 9⅜ as against the $6.16 the deputy said it was worth. This stock has never sold as low as 9⅜ since the day it was offered to the public.

We were criticized in one state because a stock we wished to sell paid no dividends. A company whose business is growing rapidly should not pay dividends. Why pay dividends on one hand and replenish the corporate treasury by new financing and borrowing on the other?

I'm always a little puzzled by the zeal of the sanctimonious bureaucrat. A perfectly sound investment issue may be given a microscopic examination—the underwriter harassed as if he were about to commit larceny—and yet a promoter — acting under the same regulatory authority can hawk his wares on TV under an Intra-State exemption. I heard one in Los Angeles recently. Somewhere in his broadcast the announcer made a whispering confession that the commission paid to the broker was 20% and that the broker received in addition one share of promotion stock for each share he sold. Otherwise, his pitch was audible, impassioned, and compelling. "If you are a resident of the State of California, you, too, can be a partner in this enterprise . . ." and so on.

Federal regulation is equally unpredictable. We had one underwriting not long ago which our attorneys were confident would require re-circulation of the Prospectus. A few weeks later we had a second issue where counsel was equally certain we would not have to re-circulate. In the first case, we ordered very few Prospectuses and in the second a large number. We were not compelled to re-circulate the first issue; we were compelled to do so in the second instance.

This does not mean that the judgment of the attorneys was poor . . . it may have been due to the tired or too meticulous examiner who chanced to get our registration statement, or some other unpredictable intangible. You may recall that the Navy was embarrassed recently by a Lieutenant who insisted on a literal interpretation of Navy regulations. I believe they solved the problem by giving him a mental examination. It was inconceivable that any sane man could interpret the Regulations precisely as they were written. I don't know what happened to the author of the Code, who was perhaps a more proper candidate for a psychiatrist.

Now with this overtone of regulation, let us follow a new issue from its inception to its final challenge . . . acceptance by the investment public.

Sequential Steps of a New Issue

New issues of securities originate from a number of sources . . . business may be referred to the investment banker by a bank, a lawyer, an accountant or by a corporation the investment house has served satisfactorily in the past. In most instances, however, new financing originates from the firm's own relationships with clients, people, and companies.

In one instance my Partner and I followed a company for five years before there was any need for our services. When this need did arise, we had an intimate knowledge of this company and its problems. In another instance, I met a company head at a trade show. His company was too small to warrant public financing, but over the next few years his company grew in sales and earnings, and need for new capital. From time to time he sent us his financial statements and over the years we were in touch with the company, its record, and its problems. Eventually we went to the public market for money.

This brings up the question of how we determine what can be sold and what cannot be sold.

Determining What Can Be Sold

The first consideration is the industry. However profitable, I doubt that any reputable investment banker would care to underwrite a Las Vegas casino, or a dog track. Nor would most of us want to sell the securities of a purely promotional enterprise. People continually come to our office . . . and I'm sure to other investment bankers . . . with schemes that, according to their starry and misty eyes, could be highly successful if funds were available to make them so. I had a land deal offered to us the other day . . . the need was for money to buy the land . . . an electronic company which required a million dollars or so to spring full blown into a highly skilled and competitive field. The million would be used for plant, inventories, working capital, salaries . . . every expense of starting a business.

Although some people will provide money to new and untried enterprises . . . usually at an excessive cost . . . the investment banker ordinarily is willing to wait until the project has been proved by two or three years' successful operation, until it can show growth and earnings, tangible proof of the Management's competence.

Successful businesses have usually started with limited capital supplied by the owners or their friends. Early operations have been restricted to the limits prescribed by the available money. Growth has come plowing back every posible cent. This is the pattern of Eitel-McCullough, Hewlett-Packard, Beckman Instruments, and many, many others.

I remember the president of Weirton Steel, now National Steel, telling me years ago about their start in West Virginia. A little group bought a bankrupt tin plate mill for a few thousand dollars. He said he used to put rocks on the ancient boiler's safety valve in order to get up steam — and they worked every waking minute. From that small start, they built a great steel company.

We think that a new promotional project should be financed by private capital and not by public funds. We are sometimes able to provide such capital for promising new companies, but this is sophisticated money, willing and able to assume the risks that such an investment entails. Such funds are usually provided by a relatively few individuals.

Why Called Investment Bankers

There is one point I would like to make here because it covers a phase of our business that is frequently misunderstood. While we are called investment bankers, our normal function is neither willingly to be an investor nor a banker. We are in essence merchants buying securities wholesale from the issuer and selling them to the public at a marked-up retail price.

Once we have decided that the industry is one which can be financed, we must determine whether or not this particular company is one whose securities can be marketed publicly. We may seek outside opinion to confirm our own impressions. We will ask the company to engage and pay for an independent report by a firm of business consultants or engineers. If this report is satisfactory, we go ahead.

Our underwriting spread will depend on the size of the deal, the ease with which it can be sold, and the risk that we assume as an underwriter. The term "underwriting" is borrowed from the insurance industry. Don't forget that there is a very real risk in this business. A sudden change in the market can mean a very large loss. You should understand that when we market a deal we, and our fellow underwriters, buy it and we pay for it. We are in exactly the same position as a merchant who buys his stock at wholesale and expects to sell it at retail.

I remember some years ago, back in 1937, when some Bethlehem Steel Bonds and some Pure Oil Preferred stock were marketed. There was a very drastic change in the market overnight and the underwriters suffered losses running into several million dollars on these two deals. Before the Bonds could be marketed, they declined from about 100 to around 80 . . . a loss of $150 or $200 per Bond.

Explains Underwriting Spread

Now the underwriting spread is the difference between the price we pay for the securities and the price at which we offer them to the public. From this we pay our counsel fees and we also pay for advertising the issue, and any miscellaneous expense such as travel, telephone calls, telegrams, etc. Our primary out-of-pocket expense, and really the largest, is our sales expense. Salesmen must go out and sell the new securities to the public and in order to do that, they must be compensated.

I have touched briefly on the age and size of the enterprise. Now let's be more specific. The difficulty in underwriting a small issue of securities is the after market. It is mathematically impossible to create enough shares to insure a market where people can buy and sell such securities at will. Now I realize there are many who . . . as a result of the uranium frenzy . . . are familiar with penny stocks and dollar stocks, with companies whose capitalizations rivaled General Motors' 283 million shares.

Rightly or wrongly, however, we believe there is a certain dignity in the price at which an issue should be sold. In general, I would say that a respectable price was preferably somewhere **above** $6 a share. In a small issue, it is usually necessary to split the stock, or provide a means for selling as large a number of shares as is possible within this price concept I mentioned.

Obviously if we can create a stock that will sell in, say the $6 to $10 level, we will produce more shares to sell and this in turn creates more shareholders, which in turn produces a better market for the securities. Even so, we cannot expect a really fine market unless there is a large amount of stock outstanding in the hands of the public. That means there have to be enough people holding the stock who for one reason or another want to buy or sell these securities each day.

Size of Companies Sought

Now what size company do we seek? We are looking for a fairly large company. I mean by this, a company whose earnings would be perhaps $150,000 minimum net, after taxes, and with a good growth pattern. The thing we like to see is a stable growing company. The two issues we and our associates have underwritten in Utah, Utah Concrete Pipe and Lockhart Corporation, both show this earnings pattern. Both have good prospects, we think, for further growth and this suggests another factor. We don't want a company that has matured; that is, for one reason or another has no prospect for future growth. But, we do want one that can be expected to increase in size and earnings and in popular appeal.

As you know, there are two types of underwriting. One, which is done under an "A" filing, which is actually a claim for exemption from registration, and the full "S-1" registration. The costs of these two methods are quite different. I would say that in general, an "A" filing would cost about a third as much as a minimum charge for an "S-1" filing. In other words, something on the order of $5,000 to $10,000, as against perhaps a minimum of $15,000 to $25,000 for an "S-1."

What influences our judgment as to whether or not securities can be sold to the public and how do we determine price? The securities' markets have fashion phases and it is as important for the investment banker to recognize these investor preferences and aberrations as it is for the ZCMI buyer to know what dresses and colors will sell well next Fall.

In the Intermountain States . . . and the country generally, for that matter . . . we saw the rather fleeting but intense passion for uranium shares. At another period Canadian oil shares were the rage. At various times in recent years, steels, chemicals, aviations, oils, etc. have had moments when they were the investor's pin-ups. Currently, electronic and space age stocks are his amorata.

Actually the investor affection is as fickle and unstable an emotion as a sailor's on shore leave. He is too frequently swayed by the momentary outlook for an industry or a company; he is not concerned with the long pull. I remember one time in the depression an old gentleman came into the office where I was employed in New York. He owned a stock which was down in price . . . few, if any, were up as I recall. A salesman said to him reassuringly, "I think this stock is all right for the long pull." The old man looked at him. "Young man," he said, "I'm 80 years old. I don't give a damn about the long pull."

We as investment bankers must be realistic. We know that we can sell the stocks of Company "A" in the electronics business at a higher earnings multiple than the shares of "B" in the super market business . . . even though the sales, earnings, and growth rate of the two companies are identical. Public preference places a different value on two like results.

Arriving at New Issue Price

The second consideration is price. What value will we place on these shares which we intend to offer to our customers? Someone said once "value is a moment of equilibrium in a sea of opposing forces." We must try to capture that moment. We want to be fair to the issuing corporation and we must offer attractive merchandise to the ultimate consumer . . . the investor. The investor is being asked to put his faith, his confidence and his hard-earned savings into this venture. In return we must justify this trust.

If the issue we are about to sell has a public market, our task is relatively simple; the price at which the securities will be sold is simply a reflection of current market modified to reflect the impact of the new offering.

If this stock has no public market, then we sit down and prepare elaborate comparative statistical studies. We try to set down side by side comparable securities outstanding in the market. The securities used in these studies are those of companies as nearly similar to the one we intend to market as is possible . . . similar in size, in industry, etc. A study

of these tables will give us a good indication of how the new issue should be priced. A sound price for an initial offering—an introduction to the investment public—should be a little below the current market . . . in other words, this first bow to the investment public should be a gracious one. The gracious response will be a modest premium over the offering price. Nothing makes friends faster than a profit, and nothing loses friends faster than a loss.

Before we close, I want to say one thing about the relationship of counsel to new issues of securities, from the Underwriter's standpoint. We used to have a family doctor who cared for us when we were ill. A few times one of our family developed a serious illness. Our physician, recognizing quickly that this was no simple bellyache, would say, "I've gone as far as I can go, we must call in so and so, a specialist in this field."

Need for SEC Lawyer

In marketing new securities the selection of counsel follows the same reasoning. SEC practice is a specialized field. You would no more call in a general practitioner for work of this type than you would have your family doctor operate on your eye. Very often a company has fine counsel who care for their contracts, their labor relations, their leases, all the claims against the company . . . the business matters that result from the operation of the corporation. The mere fact that he is extremely competent in this field does not mean that he will be equally competent in the field of SEC practice.

Our first need for attorneys is usually when we reach an agreement on the general terms of a new issue and have come to the point where we are resolving the final details. At this point we call in the lawyers, to prepare a Letter of Intent. The letter, you well know, is not binding on anyone but it contains a general outline of the provisions which will go into the Underwriting Agreement and into the Agreement Among Underwriters in case there is more than one. I think that it is highly important to have a Letter of Intent that spells out the primary provisions of an Underwriting Agreement. While such agreements are more or less standard, at the same time, the documents are new to the people with whom we are dealing. Many things have to be explained and should be explained so that there is clear understanding as to the obligations of the company and the obligations of the underwriter. All of these, or at least all the vital provisions, are spelled out in this letter. (A wise old lawyer once told me "Never leave anything to be construed.") From here we go into preparation of the Registration Statement, the Underwriting Agreement, and application for Blue Sky qualification.

Actually there are two legal areas here and they are complementary. One is the area of State regulation and the other the more complex area of Federal regulation. We generally suggest to companies that when they are ready to market securities, they engage special counsel for that purpose . . . people experienced in registering securities and well acquainted with the rules and regulations and all the fine shadings of SEC practice. There are many such people in any large city.

Usually a company will retain special counsel for its financing, retaining its regular counsel also as associate counsel in the deal. This generally proves to be a most satisfactory arrangement. The regular company counsel has the background needed for preparation of the Registration Statement, the special counsel can put it all together in proper form.

I think that most lawyers recognize this situation and are quite willing to seek expert advice when one of these deals comes along. This procedure saves everyone a great deal of expense and grief. Writing a Registration Statement and Prospectus is not a simple matter of following a form book. In the case of State regulation, that is, Blue Sky regulation, it is also important that the attorney be acquainted with the steps that need to be taken to Blue Sky an issue in the various states where it is to be sold. Ordinarily the corporate counsel that handles SEC regulation is equally familiar with State regulation and can do a good job on both counts.

These are some considerations in underwriting a new issue of securities. It is a long and tortuous business beset by legal entanglement and the whims of bureaucrats.

*An address by Mr. Shoemaker before a study group of the Salt Lake County Bar Association, Salt Lake City, Utah, Feb. 17, 1960.

Value Line Gets New President

Peter B. B. Andrews is the newly elected President of the Value Line Investors' Counsel, New York, one of the nation's leading investment-advisory services. The company is a wholly owned subsidiary of Arnold Bernhard & Co., Inc.

Peter B. B. Andrews

Mr. Andrews evaluates and advises with extensive experience on the trends and profit potentials of the nation's leading industries, companies and securities. His previous experience has taken him through a variety of financial and economic affiliations, including business and financial advisory work for CBS, and investment counsel, financial and industrial analysis and editing for Standard & Poor's, *The Wall Street Journal and the Magazine of Wall Street*. He has contributed to 104 of the nation's top financial, business and trade magazines, and has done sales-projection engineering studies for some of the country's principal industrial enterprises.

Called to Washington by former General Motors President William S. Knudsen, who made him industrial economic adviser of the War Production Board, Mr. Andrews received a Presidential citation for his effective emergency research work on American industries during World War II. His Future Sales Ratings for Sales Management cover almost three decades of intensive forecasting on the world's 116 largest industries, through a 311-man board of analysts comprising Government and private-industry economists, statisticians and marketing experts. Consultant to Sales Management on their widely-read "Survey of Industrial Buying Power," he also has been industrial consultant of the National Production Authority and the Department of Commerce.

R. S. Dickson Co. Jacksonville Office

JACKSONVILLE, Fla. — R. S. Dickson & Company, Incorporated, members of the Midwest Stock Exchange, has opened an office in the Lynch Building under the direction of S. John Larkins, Jr.

Havener Branch

PALM BEACH, Fla. — Havener Securities Corporation has opened offices at 122 Peruvian Avenue under the direction of Virginia Christine.

Mortgage Money Situation Now and Tomorrow

By Dr. James Gillies, Associate Professor of Real Estate and Urban Land Economics, and Assistant Dean, Graduate School of Business Administration, University of California, Los Angeles, Calif.*

Real estate economist looks into the matter as to how long the current scarcity of money for mortgages will continue. He assumes, among other things, that Congress will lift the interest rate ceiling on government bonds in estimating the competition of mortgage borrowers against other demanders and the chances for greater availability of funds for lending. Dr. Gillies predicts an easing in the competition for funds by the latter part of 1960 with rates remaining about the same. As for the decade, despite a long-range projection of threefold growth of S & L Associations and a 75% increase in life insurance, commercial banks and mutual savings bank assets, he foresees a high interest rate pattern continuing as compared to late 1940's and early 1950's. The author estimates total mortgage debt outstanding in 1970 will be $310 billion and the average increase in total debt outstanding will be $15.3 billion annually compared to past decade's average of $10.4 billion.

In evaluating the factors involved in the current scarcity of money for mortgages, there seems to be almost as many philosophical questions involved as there are economic. In the first place, it is important to reflect for a moment on what is meant by scarcity, and, indeed, over what time period is considered to be "current." Lord Keynes once said that in the long run, we are all dead, and, therefore, focused attention on short-run problems, but, at the same time, an equally appropriate aphorism is the one which states that people who do not study and understand history are doomed to repeat it.

To meet the demands of both these edicts, let us consider the problem of mortgage funds over a relatively short period of time—say the last ten years—and consider this question of scarcity.

Clearly it is inappropriate to look at the problem of scarcity of mortgage funds in an absolute sense. In 1950, total residential mortgage debt outstanding in the United States was $53.6 billion—in 1959, it is estimated to be $145 billion. In 1959, net increase in mortgage debt outstanding was about $19 billion. In 1955, 1956, as well as 1959, mortgage absorbed 50% of all funds placed in mortgages, corporate securities and Federal and municipal long-term bonds. Between 1955 and 1959, the net flow of funds into mortgages was almost 50% higher than in the period 1950 to 1955. There has never been so much money poured into the mortgage market as in the past decade.

If we wish some other measure than total volume of mortgage debt in discussion of scarcity, it is perhaps relevant to consider mortgage debt in relation to the major reason for its existence—namely housing. Is there a great scarcity of mortgage funds in relation to the demand for housing? Again, if we take some perspective on the matter, it would appear that residential construction has fared extremely well in regard to the supply of money to finance activity in the past decade. In 1959, sufficient funds were advanced to finance the construction of 1,200,000 dwelling units in the United States and in every year since 1950, but one—1957—when 992,000 units were completed—more than a million non-farm residential units were completed — and indeed in the past three decades, the nation has been transferred into a land of home-owners. Now more than 60% of American families own their own homes. Who would argue that the proportion should be greater? It would be hard to make a case for any chronic shortage of funds under these conditions.

Finally, of course, we come to the real criteria for measuring the scarcity of any factor—a change in its price—and by this criteria, indeed, there is a current scarcity of mortgage funds. It is a maxim of classical economic analysis that when demand outruns supply, whether because of an increase in demand or a decrease in supply, prices rise. In the current situation, an increase in price seems to be closely associated with a decline in the supply of funds available for mortgage lending—although the demand situation cannot be completely ignored.

There is absolutely no doubt that the price mechanism — and interest of course is the price paid for money—is the final allocator of resources, and indeed few would argue that it would be possible to get a more efficient method of allocating resources. However, it must always be remembered that prices are set within a certain institutional framework and changes in that framework can change price, and, therefore, the manner in which funds are allocated. For example, there is no doubt that the FHA, by insuring part of the risk in mortgage lending, increased the supply of mortgage funds at a lower price than would have been true if it were not in the market, and probably the action of the Treasury during the past few months in floating short term 5% bills siphoned some money from the general mortgage market. It is important to note, therefore, that mere reliance on the market mechanism—the price system—to provide funds is not a sufficient answer to the question of what is the proper amount of money in the mortgage market. Changes in the framework within which the mortgage market—and all capital markets as well—operate are also strategic. No lender who is interested in the development of mortgage markets can realistically take the position that the market will automatically provide the "right" amount of funds for the simple reason that changes in legislation or institutional policies can affect the market price almost as much as what used to be thought of as the independent action of supply and demand.

The Immediate Situation

Given these rather broad observations, let us consider the immediate situation in the mortgage market. Funds are scarce, given the definition of scarcity, that states when prices are rising—and rising relatively rapidly—there is a shortage of supply in relation to demand. In other words, why have mortgage interest rates increased so rapidly? In the short-run, it is true that this has not happened because of an exceptional increase in demand for funds for residential construction. Since April of last year, the

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Importance of Investment Banker in Our Economy

By John M. Schiff,* *Partner, Kuhn, Loeb & Co., New York City*

Investment banker describes his art and, in noting the low stock yields and high bond yields, strongly advises shift into equity financing because of today's favorable terms. He points out that last year's equity financing amounted to $2.4 billion whereas debt financing totaled $8 billion.

What are investment bankers? What do they do? What purpose do they serve?

The institutions — insurance companies, savings banks, pension funds, mutual funds, and investment trusts—hold the savings of the people. Why doesn't a corporation, a state, a municipality, or indeed a foreign government or foreign company when in need of money go directly to these sources of funds? Corporations have competent officers with knowledge in the financial field and there are many public officials with equal experience, but the flotation of securities takes a specialist to do the job.

John M. Schiff

Why Specialists Are Needed

When you want to buy or sell a house, why do you need an agent? Why don't people just buy a piece of land and build their own house, as was the practice with the early settlers of this country? Why do the great majority wait for a Mr. Levitt to develop the land and construct the house, so that they can move into something ready-made? Why does the apartment house builder need an architect and a renting agent?

Well, the answer is fairly easy. There are a few people who buy land without an agent, erect a house without an architect or a builder, and furnish it without the help of an interior decorator. But not many! Most of us need expert help and advice, not only in finding and developing a home, but also in handling the financial problems of our business and quite often of our personal affairs. This is where the banker comes in.

Even though it has been denied that banking is akin to a professional career, I still claim that it has professional aspects. We are financial doctors as well as financial architects. We are financial planners and financial advisors. Just as doctors advise their patients with regard to their health, we advise our clients with regard to their finances. The truth is not always pleasant and there are times when the banker may be compelled to point out to his client the realities of life, just as a good doctor, on occasion, may warn his patient on his behavior. However, once we have created a financial work of art in the form of the proper security to meet the needs of the client, we then become merchants. We will back our judgment by taking a risk and buying this issue with the confidence born of our knowledge of markets that the issue will be rapidly sold at a price that is satisfactory to both seller and buyer. If we are wrong and the price is too low, the seller is dissatisfied and if the price is too high, we are hooked. None of us is perfect and we all make mistakes, but if such errors happen too often, in this highly competitive world, others more competent with better judgment will run us out of business.

How large is the investment banking business? How much business do investment banking firms handle?

During 1959, the total volume of underwritten public financing, exclusive of Federal Government and tax-exempt issues, was reported to be $6,700 million as compared with the all-time peak of about $9 billion in 1957.

This is a lot of money in any language. However, it is a comparatively small amount in relation to the $307 billion total market value of all stocks listed on the New York Stock Exchange at the end of 1959, or the $250 billion of total corporate debt outstanding.

1959 was the first year in the past 20 in which more than 1,000 new issues were offered to the public by investment bankers. Nearly 90,000 U. S. securities salesmen were involved in the distribution of these issues.

One of the most interesting facts about corporate financing during recent years is the relatively small amount of common stock financing which has been done, despite the fact that the stock market has been at an all-time high and general conditions for the sale of common stock have been excellent. For instance, during 1959 the total amount of common stock financing was only $2,400 million as compared with the nearly $4 billion of debt securities underwritten, plus an additional $4 billion of corporate debt securities which were sold privately.

Recommends Shift to Equity Financing

As an investment banker, I strongly recommend that it is wise to finance with equity when stock yields are low and bond yields are high. This brings debt into a proper relationship to net worth, while it can be done on the relatively favorable terms available in today's money market.

This is a fascinating occupation, as it covers a complete cross-section of the financial problems of governments, states, municipalities, railroads, utilities and industrial enterprises. The needs for finance are not only domestic, but world-wide. It has been said that variety is the spice of life and we certainly have the opportunity to enjoy such variety, although some investment bankers prefer to specialize in one phase of the business.

The combination of the professional aspects, the taking of risks, and the merchandising and marketing of securities makes it necessary to develop a team of individuals, each expert in his own particular field. This does not mean that all must be specialists. Certainly, in any organization there is a place for both the highly specialized person and the man with a broad over-all view. But above all, there must be a strong team working together for the common purpose of giving the best possible service to the client.

We have not departed very much from the principles set by the merchant bankers of three centuries ago, even though certain of our modern methods may be somewhat different. Our main purpose is to give our clients competent and imaginative service.

There are the states and municipalities, which put up to competitive bidding fairly standardized tax-exempt securities. These issues are seeking the bankers only to market their securities, but there are times in a new project—such as a dam or power or water project—when it is vitally necessary to employ the banker from the early stages of the development of the plan to help create a proper financial structure that will assure sufficient funds to complete the project. Today, various state and municipal enterprises, financed by revenue bonds, based on engineers' estimates of the revenues, need the help and close cooperation of the financial doctor from the very beginning.

During 1959, the volume of municipal financing was nearly $11,900 million and total municipal obligations outstanding now total more than $62 billion.

There is every indication that the volume of this kind of financing will continue to increase steadily in future years.

By law, most securities of public utilities and railroads are sold at competitive public bidding, though if these companies have a complicated problem they will frequently employ an investment banker to advise them. At times, such companies will apply to the agency in control to permit them to negotiate privately with the investment banker. No matter how standardized the industry or the type of security being sold, most managements feel happier having a continuing personal relationship with their investment banker. They know that they can use him not only as a distributor of their securities, but also make use of his financial knowledge and experience.

Industrial concerns deal regularly with their commercial bankers who serve them in a somewhat different manner than the investment banker, although prior to the Banking Act of 1934, the activities of both had much in common. At that time these functions were divorced and today competitors in the commercial banking field perform a most important function in supplying the short-term needs of commerce and industry, but obviously they cannot commit too large a proportion of demand deposits to term loans. Our function—the investment banker—is to supply long-term capital needs whether by debt or equity or by various combinations thereof.

Needed Even in Private Placements

Industrial concerns will, from time to time, deal directly with one or two large institutions, but generally they feel happier in a so-called private placement to have the help and advice of the investment banker in the negotiation. With his knowledge of markets, he can protect the issue on price and rate and with his experience in loan agreements, he can quite frequently protect the borrower on indenture terms. When it comes to a wide distribution to many institutions, the investment banker is essential as, obviously, no one corporate officer is in the position to act as a selling agent to many buyers. Total private placements in 1959 amounted to about $4,200 million comprising 877 issues.

Above all, the investment banker is in a position to assure the borrower of the total amount of funds that he may need—whether it is for a definite plant expansion project or whether it be for additional working capital—as the underwriter will commit for the whole amount and take the risk of placing it with others.

The question must arise how these firms in Wall Street, La Salle Street, and Montgomery Street, as well as in other cities can assume these large risks for issues of $50 and $100 million and frequently more. We in our industry operate with a fairly limited amount of capital as compared to the major industries with large numbers of shareholders. On the one hand, we compete vigorously trying to prove to the various industries of the country that our particular firms can serve them best. On the other hand, we work together frequently. One day we are ready to cut each other's throats in violent competitive bidding and the next day, or quite often the same day, we are partners in a deal. In other words, those of us who manage underwritten deals may either do this alone or in partnership with one or two others of our competitors. This requires carefully trained personnel to go through all the mechanics of preparing a registration statement acceptable to the SEC with the help of lawyers, of course, as well as equally well-trained personnel to advise and negotiate with the company, together with others trained to merchandise these securities. Now, the managing firms in most cases are not willing to take the financial risk of underwriting an excessive dollar amount. Therefore, others are invited to join the group on a junior basis and such firms will assume their respective shares of the financial risk and help distribute the securities. A sort of combination of a Lloyd's insurance group and a bunch of salesmen, the compensation for which is divided into the two obvious parts — one to make it worthwhile to take the risk and the other to provide a selling commission.

This method, with variations, is used for setting up most types of underwritten security transactions, although at times, of course, we act either as agents or as brokers, but I shall not attempt to bore you with all the details.

Advice to Individuals and Institutions

Part of an investment banker's function, in addition to handling the financial affairs of corporations and other entities is to advise individuals, as well as pension funds and other pools of capital, on the investment of these funds. With his experience in various fields of endeavor he is particularly well equipped to help the businessman or careerman invest his savings and many have benefited from this type of advice. Advising others is not an easy matter and those who do this must realize that a tailor-made job is more desirable than thoughts which come off the production line.

The most interesting kind of deals to me are those that are new and different, although I must say there is always great satisfaction in taking care of an old and valued client and helping him to grow and expand. However, raising capital in a new field is particularly intriguing. A case in point is the history of the various issues of the World Bank.

The World Bank was formed after the last war. The sale of its securities, which is a routine operation today, took almost three years of education of institutions as to the values of this security and it was necessary to obtain a change in the laws of many states, before it was possible to bring these bonds to market. They are now rated AAA. At the beginning, the rating agencies would not touch them.

More recently, in the last four or five years, foreign dollar securities have been sold. Much education has been needed. Meetings have been held in various cities to educate both salesmen and buyers. Officers of the borrowing entity have come to this country, and we and some of our competitors have arranged for them to meet with potential buyers. I have to admit that the greater part of these foreign dollar bonds have been sold across the seas, but I am also cheered by the fact that as time goes on, the American investors are taking a considerably larger part in this financing.

One of the most interesting phases of investment banking has been the development of public markets for established companies which had been privately owned. Owing to our existing tax structure, many such companies must go to the public to seek additional capital and for different tax reasons there are times when many large individual shareholders must dispose of some of their stock (in a family-owned company). I am not here to judge these tax laws and do not choose to debate the wisdom of these laws, but I will say that under present conditions such shares do become available and it is our duty to make the best use of our market knowledge in helping these individuals dispose of their shares and these companies market their securities.

Also, many such companies are in need of advice and help with regard to the method of obtaining a public market. Frequently, a merger with a publicly-held company is the answer. Industrial marriages happen every day and many of these are performed by what one might call the "Financial Minister."

Risk Capital for New Enterprises

Probably the most exciting side and the most speculative is the production of risk capital for new enterprises.

This may or may not include a capital investment on the part of the underwriter, but it does require a list of customers who can afford to take such a risk. The rewards can be great to the investor and his risk of loss is considerable. The investment banker risks his reputation in backing such a new venture, and do not forget that his reputation is his most important asset. In determining whether to embark on such a venture, it is well to remember the old proverb—"when management seeks capital, capital gains; when capital seeks management, capital loses." This may not be 100% true, but one rarely goes wrong when backing able leadership, which, I must say, is a very rare quality.

I have tried to avoid technical detail. I have not pointed out that several firms deal in government securities, others make markets in unlisted securities, some deal in commercial paper, most act as brokers. The great majority insist on variety in their business, so that what you lose on the peanut, you make up on the "banan." I have not wanted to give a lecture, but I do want to stress that we investment bankers perform not only a useful but a vital function in the economy.

When I first started in Wall Street my father preached to me that a new piece of business should be judged — first, should we do it, second, can we do it—never on the basis, there is a lot of money in this, therefore, let's do it.

We certainly expect to profit out of our business, but I know that my firm and our competitors are conscious of the fact that a piece of business well-conceived and well-handled will bring its own rewards.

With the substantial increase which has taken place in the United States during recent years, in the number of individual stockholders, who now total more than 12 million, as well as the rapid growth of investment companies and pension funds, the market for securities is expanding at a rapid pace, and it appears that the volume of the investment banking business in general will grow substantially in the years ahead.

*An address by Mr. Schiff before the New York Chamber of Commerce, New York City, March 3, 1960.

Trade and Investment Policies for a Free World

By The Right Honorable Reginald Maudling, P.C., M.P.,* *President, Board of Trade, British Cabinet*

As seen through British eyes, much remains to be done yet to improve the free world's trade and investment policies. Mr. Maudling says the urgent problem now is for Europe's Sixes and Sevens to form a single market via association and explains why this would be, among other things, to our advantage; warns that failure to continue past successes in the forthcoming autumnal G.A.T.T. conference would lead to a deleterious recrudescence of trade obstacles; and advises that aid to underdeveloped countries concomitantly requires allowing an outlet for their goods. Developed countries should, the Cabinet member adds, adapt themselves to disruptive competition they abetted by developing more complicated and sophisticated products. He dismisses our balance of payments problem as more a problem of generosity and talk of a "weak" dollar as failure to note our investments abroad plus our economic aid.

What part will trade policies play in securing the fundamental objectives of the free world, namely, the preservation of peace and the safeguarding of national and individual freedom? This is indeed a subject very close to my own heart because I believe that in facing these problems today trade policies are of quite overriding importance. There was a time when it could be said that most wars arose from trade rivalries. Now I believe the opposite is true. The absence of a proper basis for competitive international trade is more likely to contribute to the continuation of friction and difficulties between nation and nation. We can expect lasting peace only if it is based on proper human understanding between nation and nation, between people and people throughout the world. This cannot be realized in a world divided by trade barriers. The free flow of goods and services of travellers and work people and capital between one country and another is, in my judgment, the greatest guarantee of the kind of international understanding upon which alone our hopes of peace can securely rest. Moreover, it is only in a world where trade moves freely that the peoples now living in grinding poverty can hope to see themselves and their successors achieving decent standards of living. And it is out of privation and desperation, rather than out of comfort and prosperity that wars are likely to be born.


Reginald Maudling

Competing With the Russian System

There is a second reason why trade policies are of vital importance at the present time to the free world. It is this. In the great struggle that is taking place between the communists and the free world for the allegiance of men's minds, economic factors are playing an increasingly important part. In fact, it is not too much to say that it is in the economic field that the ultimate decision will be reached. Unless we can show that our free system is capable of providing for the less-developed and uncommitted nations of the world both a more attractive prospect for the future and greater practical aid in achieving that future. then I fear we shall lose the battle.

In this economic struggle we must recognize that the Communist countries, and in particular at the moment Soviet Russia, have considerable assets. They have in any case a great and rapidly growing population with a considerable natural endowment of scientific ingenuity and technical skill. (And, incidentally, they are making the fullest possible use of these natural attributes by a most effective and ambitious scale of technical education.) But, in addition, they have the ability in their dictatorship system to concentrate rapidly substantial resources, both human and material, on any particular project which they think to be of national or political importance. In their overseas trading they are not governed by commercial considerations. They can if they wish quote such prices as are convenient to them without being necessarily bound to actual production costs. They can loan money on whatever terms suit them without having to consider any market rate. Finally, they have the advantage—the relative importance of which is often under-emphasized—of being able to buy large quantities of primary products from countries with temporary surpluses in the under-developed parts of the world at prices above the rate available in the free market. This is something which in our private enterprise system we cannot do. These are substantial advantages possessed by our great competitor which we must recognize and face. The price of possessing them—namely the denial of individual freedom—is one we are not prepared to pay. So if we are to meet their challenge it can be only by exploiting to the utmost the particular resources of our own system. We must show that the system of free society and free enterprise has its own dynamic, which under the wise guidance of democratic governments makes it possible to achieve more than can ever be done under Communism.

Trade Should Help Ourselves and Others

The objectives, therefore, of our trade policies must be two-fold. First, to strengthen our own economies and, secondly, to use this economic strength to help others. This is in any case our moral duty. I would not like it to be thought, because I am talking about aid to the under-developed countries in the context of the struggle between the free world and Communism, that I regard this struggle as the primary reason for our aid programs. The moral responsibility must be first compelling influence. But considerations of the struggle between freedom and Communism also point in the same direction.

How can our trade policies contribute to our first objective, the strengthening of our own economies—a fundamental objective, because unless we are strong, we can help neither ourselves nor other people?

I will not dwell long on our domestic economic policies. For all of us the main problem of a free society is how to achieve the maximum expansion of our production without inflation. I believe that both in the United States and in the United Kingdom remarkable progress has been made in solving this problem. Of course, we have got a vast amount still to solve. I remember my philosophy tutor teaching me that philosophy progresses not by finding the answers but by progressively clarifying the questions. Sometimes I think that is true also of economists. But the fact is that the combination of expansion and stability within a free society is a problem of immense magnitude and complexity, and people forget how very recently the existence of the problem itself was recognized. It is only in the last generation that there has been general acceptance of the thesis that it is the responsibility of government to try and maintain a high and stable level of employment and business activity. Our knowledge of the problems involved is still sketchy and the means we have of dealing with them still rudimentary. In those circumstances the progress that has been made is remarkable. You in the United States have in recent years encountered and defeated two serious recessions of a type which before the war would have brought very grave consequences not only for yourselves but for the rest of the world. The extent and speed of your recovery on both occasions has greatly heartened, even if it has pleasantly surprised, your friends overseas.

We in the United Kingdom have been battling since the war with the problem of inflation, accentuated in our case by a balance of payments problem of a unique character. We have had to maintain the strength of sterling — which finances nearly half the world's trade—on a level of reserves that by prewar standards would have been regarded as pitifully inadequate. They are still only some one-third of our short term liabilities. But over the last year in the United Kingdom we had a very vigorous expansion of our production while maintaining a stable level of domestic prices. Our very high level of investment in the previous years has been a main contributory factor to this. I will not make any predictions of the future. But I would re-affirm that we have made recently considerable progress. In particular we are proud that we have been able to restore the pound sterling to its proper and unique place as an international currency.

What the British Want

But the subject to which I wish to pay most attention is that of trade policies in the more limited sense, that is, the basis upon which the various nations of the free world trade with one another. I can state in one sentence the point of view of the United Kingdom Government. It is that our interest and our objective is to secure the maximum reduction of barriers to trade and payments throughout the free world. We are convinced that it is only in a free system of this kind that we can achieve the economic strength and growth that we need.

The three major economic groups in the free world are, the United States, the British Commonwealth and Western Europe. Of these three yours is still by far the predominant economy. Perhaps it is not quite the same as just after the war when it was the United States first and the rest nowhere. The rest of us are now certainly somewhere. But you are still far ahead and you still consume and produce half of the wealth of the free world. This means that your trade policies are still of dominant importance to the whole free world.

The British Commonwealth comprises more than a quarter of the population of the entire globe. Our Commonwealth trading system, covering peoples of all lands and colors and creeds, is therefore of fundamental importance also to the free world. We believe that our preferential system which we have been operating since 1932 has not only built up our own strength but has also thereby contributed to the strength of our friends.

The third great group is Continental Europe, the most rapidly growing market in the world and the largest consumer of imports. The policies of these three groups are fundamental to the free world, and cooperation between us is essential to success in our main objectives.

For many years now you in the United States have been following a liberal trade policy. I don't think this is properly recognized in other countries where people still think of the United States tariff in terms of the Hawley-Smoot days. I think it would come as a surprise to most people, in Europe at any rate, to realize that your average tariff level is now down to 11%. The fact is, too, that people always judge you by the most astringent standards because they say that the United States with her great resources and her relatively small dependence on external trade ought to be so judged. Therefore, more prominence is often given to the occasional lapses from grace—which you like all of us make—than to the sustained nature of your import policy. Certainly, we have had our arguments with you from time to time about things like woollen textiles, for example, or heavy electrical machinery, and I must say that we are still very disturbed about your shipping policy. But the fact is that these are the exceptions, and the proof of that lies in the fact that in the last few years, although you have passed through a period of short but sharp recession, your imports from us have grown so rapidly that you are now our largest single market.

Sees No "Weak Dollar"

Indeed, there has been much talk about the United States balance of payments problem. I am not sure myself that yours is a problem of balance of payments; it is more, to my mind, a problem of the balance of generosity. Certainly, the monetary outflow from the United States recently is more than accounted for by your investment abroad and the aid you give to the rest of the world. I have heard talk recently about the "weak dollar." I don't understand this at all. The strength of the dollar resides in American factories and farms, in your offices and in your schools and above all in your immense capacity for economic growth. No one who looks at all this can begin to think of the dollar as being weak. But the fact is, of course, you have a problem of capital outflow and you are entitled to ask that your friends should recognize this.

We have been very happy in the United Kingdom to be able to do one or two things that have been of use to you. I am referring, for example, to the early repayment of the loan from the Export-Import Bank. I am glad, too, that we have been able to remove almost all the restrictions on the sale of American goods in the United Kingdom. This is a move in the right direction and I hope that it will help you to solve your problem in the only way that this can be done without damage to the free world as a whole, namely, by increasing the volume of your exports rather than by restricting the volume of your imports.

This brings me to the question of Europe. Europe's trade relations with the United States and, in particular, the trading relations of the European countries with one another.

Defends Creation of "Outer Seven"

You have all heard a good deal recently of the Six and the Seven and we have just had a meeting

Continued on page 30

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks continued to slide downhill this week groping for an elusive bottom that so far has not materialized. In the process the industrial average fell below the 600 line for the first time since February a year ago when the 1959 low was posted at 574.

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Technicians find several support areas between 574 and the 600 line that could stem the decline with some general agreement that the area around 585 was one of the stronger support levels. That would mean a trim of a round hundred points from the all-time peak reached two months ago.

That Rail Average "Signal"

The rail average has already penetrated the 1959 low and is back to levels of 1958, but it was giving ground grudgingly and there was virtually no attention being paid to the movements of this average after its brief day in the limelight when it crashed through the 1958 low to give, at least technically, a bear market signal.

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And, as usual, when the Dow Theory gave an unpleasant reading, the debate over the validity of the Theory came in for lively discussion. In the latter part of the 19th century, when the Theory was evolved that rails and industrials had to confirm each other to give bull or bear signals, rails were expanding westward and were an important part of both the economy and the investment climate. Today with autos, trucks and planes sharing the transportation burden importantly, the rail role is a vastly diminished one.

Margin Change Dubious

What will stem the market decine isn't immediately apparent. The statements of the Federal Reserve authorities indicate that there is no present intention of tinkering with the margin rate, a dubious market stimulant anyway, and it will be some time before the good first quarter earnings reports start to flow in quantity.

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The pinpointing of various support levels below the current standing doesn't encourage any widespread buying until they are reached which is one of the disadvantages of the newish era of the technical approach to the market. As one skeptic of market theory points out, there have been half a dozen false theory signals in the last five years but they do bring in selling or buying despite their validity. Coupled with the fact that the averages themselves are defective, the technical market systems aren't the entire answer. While the 1946 and 1960 peaks in the industrial average are 400 points apart, some 30% of the stock on the New York Stock Exchange have never reached their 1946 peaks.

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In any event, with the blue chip, top name companies in disfavor with investors, the attention again was shifting for specific situations into the side lanes to find issues that neither had the big runups nor have been in the forefront of the recent selling.

A Snuff-and-Pretzel Issue

Such a defensive issue as George W. Helme Co., whose products range from snuff to pretzels, was one in some of the discussions both because it has a long dividend record dating back to 1912, has moved narrowly—its 1959-60 range is not even a full five points—and offers a return of 5½% at recent levels.

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On the other side are the minority issues such as Procter & Gamble which have shown a surprisingly ability to shrug off the market doldrums and show independent strength more times than not and even through some of the rougher selling squalls. P & G has a comfortable plus over the 1959 close even though the industrial average, of which it is a part, has been pounded down severely.

Textile Issues Lagging

The one business that is burgeoning is that of cotton textiles but, at least as far as the high yields are concerned, has yet to attract much public attention. Textile booms have a way of running out of steam suddenly, mostly because of overproduction. But in the current prosperity there is much evidence that the mills are trying to avoid repeating this mistake and have made good strides in improving their profit margins via modernization and elimination of the old, high-cost mills. Yields all run above 5% for Burlington Industries, Dan River Mills, Lowenstein, United Merchants and Cone Mills.

* * *

Hercules Powder had its champions both because it is a chemical company whose shares haven't been unduly optimistic and because it participates in the glamor field of missiles in its work on fuel propellants. The shares aren't available at any bargain counter price-earnings level; chemical shares traditionally have the higher ratios. And the yield is less than 2¼%. But the stock is prominent in the portfolios of well over a dozen leading investment funds, a nod to the company's ability to keep earnings and dividends pointed upward. In addition, the company is on the brink of a merger with Imperial Color Chemical, world's largest maker of pigment colors and wallpaper. This will widen its outlook appreciably.

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Drugs have been in little favor but not under too much selling pressure either, recently, and still have their backers who are impressed by the ability of some of them to spur their own growth by new products internally, and by acquisitions externally. Bristol Myers, for one, has a steady string of new, high records in sales for each year since 1953. There is nothing to indicate that a new record won't be posted this year. Neither on a price-earnings basis, nor on the yield of less than 2%, are the shares prominent as a bargain. But in the drug business one successful new product can jump profits importantly and Bristol Myers' newest is a synthetic penicillin that already has won a good reception. And the profit contribution of Clairol, acquired early last year, will cover the first full year in 1960.

Oils Still Sinking

Oils, despite the long neglect, were still prominent on the lists of new lows when selling was urgent even though they have had their own private bear market underway for a long time. Most are, however, well sold out. For the investor not interested in cash yield, Sun Oil is something of a favorite because its payments are low and larded with fairly frequent stock dividends. The cash payments date back to the early days of the century. It is one of the larger independents, owns a shipbuilding company and, on its own appearance on this week's list of new lows, was available at below the low prices of any year since 1955.

* * *

With more basic things being sought in the dreary markets of the last two months, and the "glamor" items temporarily in disfavor, some attention was being paid to such as American Water Works which is available at less than 10-times estimated earnings for this year with a yield approaching 5%. A series of rate increases has finally, after years of mere stability, given the company a rising profit line. It is the largest private water company left and some estimates of its worth if it sold out, too, and liquidated come to $60 a share although the company has flatly indicated that there is no such intention. The improvement in its fortunes resulted in a recent dividend increase and there is still room for further liberalization if earnings come up to expectations. The price has been virtually static — a five point range for all of 1959 and so far this year.

Interest in Utilities

Utilities were also discussion pieces — the traditional area for defensive selection when the general market action is bumpy. Yields here are above-average, reflecting the utilities' troubles in competing with the money market last year. Public Service Electric is one where the rate raises are pending, not actual yet. The company's present dividend is a candidate for improvement after the rate decisions are handed down. Profits could reach a rate of $2.50 a share if the grants are only half of the amount requested.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Now John Gates Co.

CARMEL, Calif.—John D. Gates & Co. has been formed to continue the investment business of John D. Gates, Box 352, Route 3.

Eastman Dillon Admits Partners

Eastman Dillon, Union Securities & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, have announced the admission to general partnership of John W. Carleton, Boston; Lloyd S. Gilmour, Jr., New York; Dwight H. Gravett, Las Vegas; Elisha Riggs Jones, Baltimore; John L. Kelsey, New York; Daniel D. McCarthy, New York; Donald M. Palmer, San Marino; and Paul Zeltner, New York.

Mr. Jones was formerly a limited partner in the firm.

Harold H. Young, formerly a general partner, has become a limited partner.

Neb. Inv. Bankers To Have Field Day

OMAHA, Neb.—The Nebraska Investment Bankers' Association will have their Annual Field Day May 17 and 18, 1960. Paul R. Wertz, Smith, Polian & Co., is General Chairman.

Forms Partnership

HOUSTON, Tex.—Kay and Company, a partnership, has been formed with offices at 2317 South Main Street. Partners are Maurice R. Karkowski, Edith S. Karkowski, and Joseph L. Karkowski.

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF NEW YORK

Lewis H. Serlen

The Security Traders Association of New York will hold their Annual Spring Dinner at the Waldorf-Astoria on April 29. Tariff will be $17.50 per person.

Lewis H. Serlen, Josepthal & Co., is Chairman of the Arrangements Committee. Joseph F. Conlon, J. H. Crang & Co., will be in charge of hotel reservations. Raymond C. Forbes, Shearson, Hammill & Co. is head of the Dinner Committee.

SECURITY TRADERS ASS'N OF DETROIT AND MICHIGAN

The Security Traders Association of Detroit and Michigan will hold their Summer Outing June 21 at the Western Golf & Country Club.

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold their Annual Spring Outing on May 20 at the Maryland Country Club.

The Association's Oyster Roast held in the Pub Room of Bernie Lee's Penn Hotel in Towson, Md. was pronounced a huge success by those attending.

CLEVELAND SECURITY TRADERS ASSOCIATION

The 1960 officers and directors of the Cleveland Security Traders Association are:

President: A. W. DeGarmo, Hayden, Miller & Co.
Vice-President: M. C. Hardony, Ball, Burge & Krause.
Secretary: J. R. Donahue, Joseph, Mellen & Miller, Inc.
Treasurer: James J. Drnek, Prescott & Co.
Board of Governors: Ernest Lazin, Blyth & Co., Inc.; Frank Marshall, First Boston Corp.; Everett A. King, J. N. Russell & Co. Inc.; Richard W. Probst, Saunders, Stiver & Co., and Gary Galdun, Wm. J. Mericka & Co., Inc.

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association has announced the following members of the 1960 Municipal Committee:

E. W. Darnstatter, Stifel, Nicolaus & Company, Inc., St. Louis, Mo.; Winton Jackson, First Southwest Company, Dallas, Texas; Elmer G. Longwell, Boettcher and Company, Denver, Colo.; Thomas W. Masterson, Underwood, Neuhaus & Co., Inc., Houston, Texas; Harry J. Peiser, Ira Haupt & Co., New York, N. Y.; Edward V. Vallaly, John Nuveen & Co., Chicago, Ill.; A. C. Widmann, Walter, Woody & Heimerdinger, Cincinnati, Ohio; George M. Wood, Jr., George M. Wood & Company, Montgomery, Ala., and Parks B. Pedrick, Jr., Howard, Weil, Labouisse, Friedrichs and Company, New Orleans, La., Chairman.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

Appointment of Warren W. Conrad as an Assistant Vice-President of **Manufacturers Trust Company, New York** was announced by Horace C. Flanigan, Chairman of the Board.

Mr. Conrad joined the Bank in 1937 and was appointed an Assistant Secretary in 1949. Mr. Conrad is assigned to the Bank's West 43rd Street Office.

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The **United States Trust Co. of New York** has promoted Archibald C. Curry to Vice-President in charge of Estates, and Everett G. Henderson to Assistant Vice-President in charge of the Central Order Department of the Investment Division, it was announced on March 3 by Hoyt Ammidon, President.

Since joining the company's Investment Department in 1941, Mr. Curry has specialized in estate investment problems, as he will continue to do.

Mr. Henderson has been with the **Trust Company** since 1929.

* * *

The **Franklin National Bank of Long Island, Franklin Square, New York,** by the sale of new stock increased its common capital stock from $14,800,000 to $15,725,000 and also by a stock dividend, from $15,725,000 to $16,169,000. Effective as of Feb. 25. (Number of shares outstanding 3,233,800 par value $5.)

* * *

Herman H. Maass, President of the **Security National Bank of Long Island, Long Island, N. Y.,** has announced the appointment of Kenneth E. Van Sise, to a new post with the bank as Director of personnel, and has named Salvatore Ribando, as manager of a newly formed Small Business Loan Division.

Mr. Van Sise also served with the **Chemical Bank and Trust Co.**

The new division will operate out of **Security National's** West Babylon office

* * *

The common capital stock of the **Peninsula National Bank of Cedarhurst, New York,** was increased by a stock dividend from $1,092,650. to $1,129,062.50, and from $1,129,062.50 to $1,213,112.50 by the sale of new stock. Effective Feb. 23. (Number of shares outstanding 97,049, par value $12.50.)

* * *

The Highland National Bank of Newburg, New York, increased its common capital stock from $750,000 to $1,000,000, by the sale of new stock. Effective as of Feb. 25. (Number of shares outstanding 40,000, par value $25.)

* * *

The Sullivan County National Bank of Liberty, New York, with common stock of $350,000 consolidated with the **First National Bank and Trust Co. of Roscoe, New York,** with common stock of $100,000. Effective as of the close of business Feb. 19. The consolidation was effected under the charter and title of The Sullivan County National Bank of Liberty, with capital stock of $475,000 divided into 19,000 shares of common stock of the par value of $25 each.

* * *

The plans of the merger of the **Bank of Blasdell, Blasdell, Erie County, New York,** with and into the **Manufacturers and Traders Co., Buffalo, N. Y.,** was approved on Feb. 29.

* * *

The National Bank and Trust Co. of Norwich, New York, increased its common capital stock from $1,100,000 to $1,210,000 by a stock dividend and from $1,210,000 to $1,430,000 by sale of new stock. Effective Feb. 23. (Number of shares outstanding 15,000, par value $20.)

* * *

Harold T. Marshall was elected a Director of the **National Shawmut Bank, of Boston, Mass.**

* * *

The Connecticut Bank and Trust Co., Hartford, Conn., consolidated with **The Groton Bank and Trust Co., Groton, Conn., under** charter and title of the **Connecticut Bank and Trust Co.** Effective Feb. 23.

* * *

By the sale of new stock the **Citizens National Bank of Englewood, N. J.,** increased its common capital stock from $1,200,000 to $1,400,000. Effective Feb. 25. (Number of shares outstanding 140,000, par value $10.)

* * *

The First National Bank of South Amboy, N. J., increased its common capital stock from $200,000 to $250,000 by a stock dividend and from $250,000 to $300,000 by sale of new stock. Effective Feb. 29. (Number of shares outstanding 15,000, par value $20.)

* * *

The retirement of Evan Randolph, former President of the **Philadelphia National Bank, Philadelphia, Pennsylvania,** and senior member of the Board, was announced on March 2. Mr. Randolph started his banking career in 1914 as Vice-President and Director of the old **Girard National Bank, Philadelphia, Pa.,** which merged with Philadelphia National in 1926. He was President from 1941 to 1947.

* * *

Two new Directors of **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** were elected on March 7 at the Annual Meeting of Shareholders. They are E. H. Smoker, and George R. Clark, a senior officer of the bank, who will now become Vice-Chairman of the Board.

Mr. Clark has spent a career of 26 years in banking, having been Executive Vice-President and a Director of the **Corn Exchange National Bank** at the time of the merger with Girard Trust Co.

Mr. Smoker and Mr. Clark will take the places of Martin W. Clement and B. F. Mechling, both of whom have reached the age of retirement for the bank's Directors. Mr. Clement has served as a Girard Director since 1935. Mr. Mechling was a Director of the former **National Bank of Germantown,** which merged with Girard in 1953.

* * *

Ten officer promotions at **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** were also announced by Mr. Brown, President.

The group includes four new Vice-Presidents and two new Senior Trust Officers. William F. Blackman becomes Vice-President in the Estate Planning Division of the Trust Department and Paul B. Branin in the Trust Administrative Division. James F. Feeney, Jr., of the Banking Department and Harold W. Kalb of the Operating Department, also moved up to Vice-President.

In the Trust Administrative Division, Norman J. Linker is promoted to Senior Trust Officer, Trust Section, and Fredric J. Mainwaring becomes Senior Trust Officer, Probate Section.

In other Trust Department moves, Thomas E. Burns, Jr., becomes Estates Planning Officer; Paul A. Carr, Trust Officer; William S. Davis, Investment Officer, and Siebert L. Dorner, Trust Officer.

* * *

The plans of the **Fidelity-Baltimore National Bank, Baltimore, Maryland,** to merge with and into the **Maryland Trust Co., Baltimore, Maryland,** was announced on March 2. The merger will form a bank with assets of $420,000,000. The plans were announced by the Board of Directors of both banks. Directors of both banks have approved the merger, and stockholders are expected to agree. Approval by Maryland banking agencies is expected to be routine. Under the plan, stockholders of the Fidelity - Baltimore National Bank would receive one share of stock in the new bank for each share held. Maryland Trust stockholders would receive 1.8 shares for each share now held. Hooper H. Miles, Chairman of Fidelity-Baltimore and Robert D. H. Harvey, President of Maryland Trust made the announcement of the proposed merger.

* * *

By a stock dividend, the **First National Bank of Bel Air, Maryland** increased its common capital stock from $100,000 to $150,000, and from $150,000 to $200,000 by the sale of new stock. Effective as of Feb. 24. (Number of shares outstanding 20,000, par value $10.

* * *

The election of Robert E. Coller, to the Roanoke Board of **The Bank of Virginia, Richmond, Va.,** was announced on March 7 by Herbert C. Moseley, bank President.

George F. Albright and James J. Gara were also elected to the General Board of Directors on March 4.

Mr. Gara will also serve on the bank's Norfolk Board.

* * *

By a stock dividend the common capital stock of **The National City Bank of Cleveland, Ohio,** was increased from $19,360,000 to $21,296,000. Effective Feb. 17. (Number of shares outstanding 1,331,000, par value $16.) This item was reported in an issue of March 3 page 25 but the title of the bank was given incorrectly as **The City National Bank of Cleveland, Ohio.**

* * *

The **Merchants Bank of St. Joseph, Mo.,** changed its title to the **Merchants Bank.** Effective Jan. 22.

* * *

By a stock dividend, the **National Bank of Commerce of Jackson, Tennessee,** increased its common capital stock from $300,000 to $400,000. Effective Feb. 26. (Number of shares outstanding 8,000, par value $50.)

* * *

By the sale of new stock, the **First Farmers and Merchants National Bank of Columbia, Tenn.,** increased its common capital stock from $300,000 to $400,000. Effective as of Feb. 26. (Number of shares outstanding 40,000, par value $10.)

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The First National Bank of Columbus, Ga., by the sale of new stock, increased its common capital stock from $1,000,000 to $1,250,000. Effective as of Feb. 26. (Number of shares outstanding 125,000, par value $10.)

* * *

Emilio Mayer, U. S. Representative of **Banca Commercial Italiana, Milan, Italy,** on March 3 announced the election of Dr. Raffaele Mattioli as Chairman of the bank's Board of Directors.

Dr. Mattioli succeeds the late Camillo Giussani, who had been Chairman for the last 15 years.

The bank's directors elected Dr. Filippo Migliorisi as Managing Director.

Must We Choose Between Devaluation or Deflation?

By Paul Einzig

Distinguished British economist takes exception to Dr. Franz Pick's thesis that we must drastically deflate our price level or devalue our dollar. Denying we are confronted with either choice, Dr. Einzig asks since when is over-lending and over-generosity cured by these alternatives? He explains that our wage problem is not unique in today's world, that his country was able to wrestle successfully with a dangerous gold reserve level, and that we could afford to lose a great deal more gold in order to gain time for a change to the better. The author charges Dr. Pick's selection, of $18 billion in gold as the danger point for us, as arbitrary with no basis in fact yet capable of causing harm if uncritically accepted by a sufficient number of people.

LONDON, Eng.—In his latest publication Dr. Franz Pick re-stated once more his familiar forecast of the dismal doom of the dollar. But he appears to have lost some of his former assurance about the inevitability of dollar devaluation. Such forecasts may have carried conviction towards the end of 1958 or the early part of 1959, when they were in accordance with the pessimistic mood of the market. In the meantime, however, the dollar has come to be viewed with much less pessimism in most quarters. And the flood of gold losses has recently diminished into a bare trickle. In such circumstances the mere repetition of Dr. Pick's previous pronouncements would have been fated to fall flat. However, he is a man of resources and quite capable of presenting his old suggestions in a new form.

Not having read the book (the price is prohibitive in my view), I am not in a position to deal with its details, critically or otherwise. But from what I have read about it I am quite satisfied that I do not misrepresent Dr. Pick when I attribute to him the view that nothing short of very drastic deflation in the United States would save the dollar from devaluation. In other words, notwithstanding his previous prophecies, he now admits that, after all, the dollar is not doomed beyond redemption. He now thinks it can be saved from devaluation, provided that the Washington Administration and the Federal Reserve authorities are prepared to be really tough. The idea of their toughness conjures up before our mental eyes the development of mass unemployment, setback in production and all-round business losses.

Now Dr. Pick is nothing if not a good psychologist. He is fully aware of the unpopularity of such an economic policy. He is also aware that the mere possibility of its adoption by the Republican Administration in election year would destroy its chances of being returned to office. If he succeeds in convincing those responsible for shaping the official monetary policy, and those in a position to influence it in Congress or in the press, that choice lies between drastic deflation and devaluation, the odds in favor of the latter solution would become distinctly longer. Public opinion in the United States could easily be mobilized in favor of a devaluation by convincing it that the alternative would be a return to the bad days of the 'thirties.

Denies Either Choice Is Inevitable

But is it really so inevitable that the United States should choose between devaluation and drastic deflation. This would be the case if the balance of payments showed a perennial substantial deficit because of a fundamental disequilibrium due to a gross overvaluation of the dollar at its present exchange rates. In truth, if we disregard foreign aid, the United States balance of payment still has a surplus, even if its size is smaller than in earlier years. The only reason why there has been a gold outflow is that the United States has been lending and investing abroad, or giving away much more than the export surplus on the balance of payments. Since when has it become a basic economic law that over-lending or over-generosity must be corrected by devaluation or by a ruinous degree of deflation?

It is true, wages in the United States are too high, are still increasing and ought to be diminished. But in this respect the situation in the United States is by no means unique. The inflationary wage spiral is in full swing in Britain, in West Germany, in France, in Japan and in every other industrial country outside the Communist Bloc. If wage inflation in America were not accompanied by similar trend elsewhere the dollar would get out of equilibrium and would have to be corrected either in the hard way through deflation or in the soft way through devaluation.

Asks Why Pick on the Dollar

But the same is true about sterling, the D-mark and the rest. So why must Dr. Pick pick on the dollar as the one and only currency which is affected by this world-wide trend of inflation? So long as other major industrial countries do not solve the problem of how to resist wage inflation there is no cause for any drastic measure to correct a non-existant dollar disequilibrium. It is true wages do not rise everywhere to exactly the same extent. In 1957 it was in Britain that they threatened to get out of control. Conceivably during recent months industrial cost of production may have been rising faster in the United States than elsewhere, even though the balance of payments position does not indicate the existence of any grave disequilibrium. Moreover, while in 1957 there was a real danger that the British gold reserve might decline below danger level the United States today is not confronted by any such danger.

Questions $18 Billion Figure

Dr. Pick names the figure of $18 billion as the limit below which the American gold reserve could not decline without causing alarm and despondency. If he succeeds in persuading a sufficient number of people that there is something magic about the figure of $18 billion then there would be a fair chance that his forecast about the effect of a decline below that figure might materialize. But why just $18 billion? The United States could well afford to lose a great deal more and to gain time during which the situation in the international wage inflation race would change in their favor.

In 1957 Britain was undoubtedly in a much more vunerable position than the United States is today. Britain external short-term liabilities greatly exceeded the gold reserve. And yet sterling was saved from devaluation without having to carry out anything more than a relatively modest degree of deflation. There is no reason to suppose therefore that there is any substance in Dr. Pick's contention that the United States must either devalue or deflate drastically. A reasonable degree of disinflation would produce the desired affect.

Treasurer Anderson's Views On Callable Bond Features

Letters to Senator Prescott Bush and Representative Thomas B. Curtis cogently amplifies Treasury Secretary Anderson's thinking regarding auction technique, advance refunding, amount and timing of long-term bond issues, and use of various types of callable clauses. These views sum up and provide an added dimension to important points developed previously at Joint Economic Committee hearings.

Enlarging upon points made just a few days previously, Secretary of the Treasury, Robert B. Anderson, in a letter sent to Senator Prescott Bush under date of Feb. 19, made clear that serious consideration is being given to including optional call features in new bond issues of over 10-year maturities once the interest rate ceiling is removed.

Robert B. Anderson

Mr. Anderson discussed different kinds of callable features that could be employed, placed great stress on relying on "advanced refunding" and doubted if large amounts of long terms would be issued under today's market conditions.

In an earlier communication to Rep. Thomas B. Curtis, Mr. Anderson spelled out his attitude toward the claimed economies of the auction technique in selling government securities. Mr. Anderson pointed out that the Treasury does not intend to preclude the use of this method where it was more feasible. But he did detail why the Department does not go along with the mandatory proposal to auction all securities of over one-year maturities.

The full texts of the letters to Senator Bush and Rep. Curtis follow:

LETTER TO SENATOR BUSH

February 19, 1960

My dear Senator:

This letter is in response to your request for additional information with respect to the question of Treasury issuance of long-term bonds subject to call some time in the future, a subject which I discussed in my testimony before the Joint Economic Committee on Feb. 16. Recently a number of suggestions have been made that, inasmuch as interest rates are relatively high, the Treasury should not offer any considerable amount of intermediate- or longer-term bonds without retaining an option to call the securities in the event interest rates decline appreciably.

Prescott Bush

No Large Amounts of Long-Terms Envisioned

This point of view has considerable merit, and the Treasury would consider it unwise to issue large amounts of new long-term bonds under today's conditions. For one thing, we have no reason to believe that a market for a large amount of long-term bonds actually exists today. Consequently, large-scale issuance of long-term Treasury bonds might force interest rates to higher levels and also drain off a substantial portion of the savings that would otherwise flow into homebuilding, state and local government projects, and business expansion and modernization of plant and equipment.

It is noteworthy that the Treasury issued only $10 billion of bonds running 10 years or more to maturity during the period from the beginning of 1953 through the spring of 1959, when the 4¼% interest rate ceiling effectively halted the sale of new bonds. Thus the average amount issued in the 6½-year period was about $1½ billion a year. The Treasury would not expect, under current market conditions, to exceed by any great amount that volume of long-term bond issues, either in raising new cash or by refunding maturing securities. As I pointed out to the Committee, a large portion of the debt extension that we desire to achieve—and which we believe is so highly important in our efforts to prevent a dangerous shortening in the maturity of the public debt—would be obtained through "advance refunding," in which case the actual coupon rates of interest paid by the Treasury could be kept well within the 4¼% ceiling.

Moreover, it is especially significant that since 1952 most of the debt extension that has taken place has resulted from issuance of securities in the 5- to 10-year maturity range, of which $39 billion were issued. The case for a call feature in connection with these 5- to 10-year issues—which will probably be used to a considerable extent in the future as a part of any debt-lengthening program—is much less apparent than the case for optional call privileges with respect to securities running for more than 10 years.

Favors Call Feature But Not Exclusively

The Treasury is seriously considering the desirability of incorporating optional call features in new long-term bond issues (over 10-year maturities), once the ceiling is removed. We would, however, strongly oppose any legislative action that would compel the use of callable bonds exclusively. There may well be many occasions when the issuance of callable bonds would not be in the public interest, inasmuch as use of the feature involves several disadvantages as well as advantages. In addition, we believe that maintenance of the desirable degree of flexibility in debt management requires that legislation restricting the types of issues that the Treasury can sell be held to a minimum. The Treasury now possesses full authority to issue callable bonds, when conditions are appropriate, and in fact most of the long-term bonds issued in the past have contained a call feature. Since the late 1920's, however, the call privilege on long-term issues has been limited to the last two to five years before maturity.

If the Treasury, once the interest rate ceiling is removed, decides to issue bonds callable at par, it must be recognized that the securities will have to bear a somewhat higher effective rate of interest than noncallable issues of similar maturity. The existence of a call feature tends to make securities less attractive to many long-term investors in comparison with fixed maturity issues. Most of the larger insurance companies, for example, prefer to invest in negotiated loans of definite maturity (private placements) rather than to buy callable corporate bonds (or, at least, bonds callable for refinancing). Thus long-term investors tend to buy callable securities only if they believe that the increased interest which the borrower pays for the call feature is sufficient to compensate them for the risk of loss of future earnings in the event the bonds are called before maturity. It is possible that even with the attractiveness of a higher interest rate many investors (particularly those such as pension funds and insurance companies, which try to obtain a guaranteed long-term rate of return to meet actuarial requirements) who would otherwise purchase long-term, fixed maturity Government bonds, would refrain entirely from buying callable issues unless the call period were confined to a relatively short span of time before final maturity.

Callable at an Above Par Premiums

An alternative technique would involve long-term bonds which are callable at a premium above par. Many business corporations—particularly public utilities—have been quite successful in selling this type of security, which is callable at a sliding scale of premiums, depending on when the call is made. Despite considerable dissatisfaction on the part of investors, a study made in 1958, covering the preceding 32 years, indicates that the added initial interest cost to borrowers on bonds subject to immediate or early call was relatively small in comparison with costs on bonds which were not callable for a number of years. This study has not been fully completed. Furthermore, it relates primarily to issuance of callable bonds in a period of low interest rates in the earlier years, and of rising interest rates through 1957. It does not reflect, therefore, the effect of the fall of rates in the 1958 recession in causing greater reluctance on the part of investors to purchase bonds callable at an early date.

We must also keep in mind, as I pointed out in my testimony before the Committee, that the Treasury, in its debt management role, is in a much different position from a public utility corporation attempting to schedule its debt maturities. The typical public utility relies very largely on long-term bonds to finance its fixed capital requirements. The number of issues outstanding for any one firm is usually not large, and the average length to maturity typically exceeds ten years. Thus the public utility finds the call privilege highly desirable, for it avoids the necessity of having to refinance all—or a sizeable portion—of its debt during a period of high interest rates.

The Treasury debt structure, on the other hand, involves an automatic "averaging" process. We now have 11 issues of bonds outstanding with more than ten years to final maturity, and these issues are spaced from 1970 to 1995. That in itself provides for a broad spread for the $25 billion of Treasury bonds in this category. But this $25 billion amounts to only 13% of the Treasury marketable debt outstanding, and the average length to maturity of this marketable debt is only 4¼ years. If the artificial restriction on long-term Treasury financing is removed, and if a reasonable amount of long-term securities can be marketed in most years, the Treasury will receive the benefit of an average level of rates over time, without any large bunching of long-term financing during a period of high rates.

Sums Up His Views

In conclusion, I would like to emphasize again that the Treasury has no intention, once the ceiling is removed, of issuing large amounts of long-term bonds for cash or in exchange for maturing issues, but intends to rely to a considerable extent on "advance refunding." Also, with the ceiling removed, the Treasury will be able, if conditions so warrant, to issue bonds callable either at par or at a premium above par. We shall continue to study the question of which type of callable bond would be most appropriate under different types of conditions and any decision in this respect would, of course, depend primarily upon market circumstances at the time the offering is made.

Please do not hesitate to contact me if there is any other aspect of this subject that you would like to discuss.

Sincerely yours,

Robert B. Anderson,
Secretary of the Treasury.

The Honorable Prescott Bush,
United States Senate,
Washington 25, D. C.

* * *

LETTER TO REPR. CURTIS

February 17, 1960

Dear Mr. Curtis:

This letter is in response to your request for amplification of my testimony before the Joint Economic Committee yesterday, in which I discussed our recent experience with sale of the new 1-year Treasury bills at auction. As I pointed out to the Committee, we are convinced that such experience casts serious doubts on the advisability of an early extension of the auction technique to the sale of longer-term Treasury securities.

Hon. T. B. Curtis

Our willingness to extend the auction technique, where feasible and appropriate, is indicated by the fact that the Treasury has made more use of auctions during the past 15 months than at any time in the past, and by the fact that the amount of Treasury bills outstanding at the present time exceeds $41 billion or more than double the amount outstanding five years ago. All of these bills were sold at auction. New series of bills instituted within the past 15 months include the 26-week bills, which total $10.8 billion, and the four issues of 1-year bills, which mature quarterly and amount to $7.5 billion.

Auction Method Not Most Economical

Our experience in auctioning the 1-year bills, however, raises serious questions as to whether the auction technique is the most economical way of handling Treasury short-term financing. Since Jan. 1, 1959, for example, the Treasury has on five occasions offered bills at auction in its new cycle of quarterly maturities. The average rate of discount in these auctions was 4.38%, as compared with an average yield of 4.22% on outstanding securities of comparable maturity available in the market. This indicates a spread of 16 basis points or 0.16%. (These figures, along with other data on the subject, are presented in the attached table.)

This 4.38% rate of discount, however, understates considerably the true yield on the bills to the investor, as well as the true interest cost to the Treasury. This is partly because Treasury bills are traded in the market on the basis of bank discount rather than actual investment yield (the bills are issued at a discount from par), and partly because the market yields quoted on bills are based on 360 days rather than the actual number of days in the year. (The Treasury, in its public announcements of the results of all bill auctions, states the yield both in terms of the normal market practice and the true investment return.) When adjustment is made for these two factors, which are much more important when interest rates are relatively high and on the longer maturities, the true yield to the investor and the true cost to the Treasury on these five issues since Jan. 1, 1959, comes to 4.60%, rather than 4.38%. Viewed from this standpoint, therefore, the average spread between yields on outstanding Government issues of comparable maturity and the new quarterly bills sold at auction amounted to 38 basis points instead of 16 basis points.

Moreover, since January, 1959 the Treasury has offered six issues of certificates and short-term notes with maturities of approximately one year. The average interest paid on these issues—on which the Treasury fixed the interest rate rather than submitting the securities to auction—was 4.26%, as compared with an approximate yield available in the market at the time on outstanding issues of comparable maturity of 4.08%. In these instances, the spread averaged 19 basis points or exactly half of the spread of 38 points on the new bill issues.

Two additional factors should be mentioned. In the first place, the average size of the five bill issues in terms of public participation (that is, excluding the Federal Reserve Banks and Government investment accounts) was $1.9 billion; the average amount of the offerings of certificates and notes taken by the public was $3.1 billion. It would be logical to expect that the larger issues would require a larger spread as compared with yields on outstanding issues of comparable maturity. It should be noted, on the other hand, that all but one of the certificate and note issues were refunding operations, while all but one of the bills issues were, in effect, cash issues. Although refundings on many occasions cause almost as much market churning and realignment of investor positions as cash issues, it is true that the market impact of a refunding is usually somewhat less than a cash issue of comparable size. Consequently, this characteristic of all but one of the note and certificate issues may, from the standpoint of yield comparisons of the type presented in this letter, offset the somewhat smaller size of the bill operations.

Adjusts Commercial Bank Bids

Secondly, all but one of the bill auctions (as contrasted with only one of the other offerings) involved the privilege of commercial bank payment for the securities by credit to the Treasury's tax and loan accounts at the banks. This means that a subscribing commercial bank could, if it so wished, buy between $5 and $9 of the new issue for every one dollar it had available in excess reserves, the precise amount depending on the reserve classification of the subscribing bank. Inasmuch as bids by commercial banks for all but one of the bill issues reflected the value of the tax and loan privilege, which induced the banks to act as underwriters and distributors of the securities and to bid lower interest rates (higher prices) than would otherwise be the case, it is reasonable to conclude that the true spread, adjusted for the effect of the tax and loan privilege, was something like 50 basis points on the bills auctions. This contrasts markedly with the spread of only 19 basis points on the offerings of certificates and notes, although this spread might perhaps be adjusted upward slightly in view of the fact that one of these six issues carried tax and loan privilege.

After carefully studying the results of the operations described above, we have concluded that under conditions as they existed during the past year or so the Treasury, on average, might well have saved ¼ of 1% or more if

it had offered fixed rate certificates rather than the new 1-year bills at auction. Admittedly, this experience may not be conclusive inasmuch as the issuance of the 1-year bills at auction represented a new departure in Treasury debt management—namely, the introduction of a much longer Treasury bill than had ever been offered before. We hope that these results are not conclusive; we much prefer, where feasible, to use the auction method of pricing Treasury securities because it avoids the difficult problems involved in pricing a new issue of securities. Thus, we shall continue to use the auction technique whenever the prospects for its economical application seem favorable, and we intend to maintain the new cycle of 1-year bills.

We do believe, however, that this experience with auctioning securities of only one year maturity raises serious questions with respect to recent proposals to auction even longer term Treasury securities — even including long-term bonds. As we have stated before, we are convinced that auctioning of longer term securities could only result in a much higher interest cost to the Treasury — a judgment strongly supported by the experience with the one-year bills — along with other serious disadvantages referred to in my testimony yesterday and described in detail in written material furnished earlier to the Committee.

Please do not hesitate to contact me if you desire to receive any further information on this subject.

Sincerely yours,
(Signed) Robert B. Anderson,
Secretary of the Treasury.

Honorable Thomas B. Curtis,
House of Representatives,
Washington 25, D. C.

Morgan Stanley Leads GMAC Underwriting

A nationwide underwriting group headed by Morgan Stanley & Co. and comprising 230 investment firms placed on the market on March 9 $100,000,000 of General Motors Acceptance Corporation 21-year 5% debentures due 1981, priced at 99½% and accrued interest to yield 5.04% to maturity.

The net proceeds from the sale of the debentures will be added to the general funds of the company and will be available for maturing debt or for the purchase of receivables. The proceeds may be applied initially to reduction of short-term borrowings or invested in short-term securities.

The new debentures are not redeemable before March 15, 1970, except under a special redemption provision applicable on and after March 15, 1965, under certain conditions of declining retail receivables and at special redemption prices. In the 12-month period beginning March 15, 1970, the debentures may be redeemed at the option of the company at 102½% and thereafter at prices decreasing to the principal amount; under certain conditions of declining retail receivables the debentures may be redeemed at lower redemption prices.

GMAC finances the distribution of new products manufactured by General Motors Corp. to dealers for resale and finances such dealers' instalment sales of new products as well as used units of any make. Financing related to automotive vehicles comprised 98% of the dollar volume of receivables purchased in 1959 and 1958.

Notes and bills receivable, after deducting unearned income and loss reserves, held by the company and its consolidated subsidiaries at Dec. 31, 1959, amounted to $3,963,261,707 compared with $3,670,655,709 at Dec. 31, 1958.

GMAC notes, loans and debentures outstanding at Jan. 31, 1960, amounted to $3,302,089,069, of which $1,276,983,401 was payable within one year and $2,025,105,668 subsequent to one year. Subordinated indebtedness amounted to $425,000,000. During February, 1960, the company contracted to borrow from institutional investors in June, 1960 an aggregate of $75,000,000 in the form of additional subordinated and junior subordinated indebtedness.

All of the outstanding capital stock of GMAC is owned by General Motors Corporation. Total capital stock and surplus at Dec. 31, 1959, amounted to $313,581,615. GMAC common stock was increased from $100,000,000 to $150,000,000 in February, 1960, by the sale of 500,000 additional shares to General Motors Corp.

Twin City Inv. Women To Hold Meeting

MINNEAPOLIS, Minn. — The Twin City Investment Women's Club will hold a meeting at Colman's, St. Paul, Minn., on March 16.

William Price, Assistant Vice-President of American National Bank, Investment Department, St. Paul, Minn. will be the speaker.

Cecil B. Whitcomb Now With Prescott & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Cecil B. Whitcomb has become associated with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Whitcomb was formerly with First Cleveland Corporation. In the past he was Executive Secretary of the Cleveland Stock Exchange.

after June 1, 1980, as described herein. after April 1, 1981, as described herein.

accordance with the Veterans' Bond Act of 1958 out of the General Fund of the State. The full faith and credit of the State of California are pledged for the punctual payment of both principal and interest. The bonds are authorized for the purpose of assisting California war veterans to acquire farms and homes, the cost of which must be repaid to the State on an amortized purchase basis.

Legal Opinion

These bonds are offered when, as and if issued and received by the underwriters listed below, as well as other underwriters not shown whose names will be furnished on request, and subject to approval of legality by The Honorable Stanley Mosk, Attorney General of the State of California, and by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California.

Tax Gain, Amortization of Premium

These bonds will be initially issued by the State of California at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

Bank of America N. T. & S. A.
Bankers Trust Company
The Chase Manhattan Bank
The First National City Bank of New York
The First National Bank of Chicago
Halsey, Stuart & Co. Inc.
Blyth & Co., Inc.
The First Boston Corporation

Harriman Ripley & Co. Incorporated
Harris Trust and Savings Bank
Smith, Barney & Co.
American Trust Company San Francisco
Security First National Bank
California Bank Los Angeles
Drexel & Co.
Glore, Forgan & Co.

Chemical Bank New York Trust Company
C. J. Devine & Co.
Continental Illinois National Bank and Trust Company of Chicago
The Northern Trust Company
R. H. Moulton & Company
Goldman, Sachs & Co.
Kidder, Peabody & Co.

Eastman Dillon, Union Securities & Co.
Bear, Stearns & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Dean Witter & Co.
White, Weld & Co.
Blair & Co. Incorporated
Weeden & Co. Incorporated
The First National Bank of Boston

The First National Bank of Oregon
The Philadelphia National Bank
Seattle-First National Bank
Equitable Securities Corporation
Stone & Webster Securities Corporation
Phelps, Fenn & Co.
Salomon Bros. & Hutzler
R. W. Pressprich & Co.

Paine, Webber, Jackson & Curtis
Mercantile Trust Company
Shields & Company
Reynolds & Co.
Crocker-Anglo National Bank
J. Barth & Co.
Ladenburg, Thalmann & Co.
John Nuveen & Co. (Incorporated)
William R. Staats & Co.

Hornblower & Weeks
Wertheim & Co.
Hayden, Stone & Co.
A. C. Allyn and Company Incorporated
First Western Bank and Trust Company San Francisco, Calif.
American Securities Corporation
James A. Andrews & Co. Incorporated
Bache & Co.
Bacon, Whipple & Co.

A. G. Becker & Co. Incorporated
Branch Banking & Trust Company
Braun, Bosworth & Co. Incorporated
Alex. Brown & Sons
Clark, Dodge & Co.
Dick & Merle-Smith
Dominick & Dominick
Fidelity Union Trust Company Newark, N. J.
First of Michigan Corporation

Gregory & Sons
Hallgarten & Co.
Hemphill, Noyes & Co.
E. F. Hutton & Company
W. E. Hutton & Co.
Laidlaw & Co.
Lee Higginson Corporation
Carl M. Loeb, Rhoades & Co.
W. H. Morton & Co. Incorporated
F. S. Moseley & Co.

National State Bank of Newark
Roosevelt & Cross Incorporated
L. F. Rothschild & Co.
Schoellkopf, Hutton & Pomeroy, Inc.
Shearson, Hammill & Co.
Stone & Youngberg
Stroud & Company Incorporated
Taylor and Company
B. J. Van Ingen & Co. Inc.

Adams, McEntee & Co., Inc.
Barr Brothers & Co.
J. C. Bradford & Co.
Coffin & Burr Incorporated
F. W. Craigie & Co.
Francis I. duPont & Co.
Estabrook & Co.
First Southwest Company
Fitzpatrick, Sullivan & Co.
Ira Haupt & Co.

Kean, Taylor & Co.
The Marine Trust Company of Western New York
The National City Bank of Cleveland
Wm. E. Pollock & Co., Inc.
Trust Company of Georgia
Tucker, Anthony & R. L. Day
Wachovia Bank and Trust Company
G. H. Walker & Co.

Wood, Struthers & Co.
Anderson & Strudwick
Bacon, Stevenson & Co.
Baker, Watts & Co.
Baxter & Company
City National Bank & Trust Company Kansas City, Mo.
Commerce Trust Company Kansas City, Mo.
Dempsey-Tegeler & Co.

R. S. Dickson & Company Incorporated
A. G. Edwards & Sons
Eldredge & Co. Incorporated
Geo. B. Gibbons & Company Incorporated
Hirsch & Co.
The Illinois Company Incorporated
A. M. Kidder & Co., Inc.
Lawson, Levy, Williams & Stern
Irving Lundborg & Co.

Mason-Hagan, Inc.
Mercantile-Safe Deposit and Trust Company
Rand & Co.
Schwabacher & Co.
F. S. Smithers & Co.
Stern Brothers & Co.
Spencer Trask & Co.
Chas. E. Weigold & Co. Incorporated
J. C. Wheat & Co.

Robert W. Baird & Co. Incorporated
William Blair & Company
Bramhall, Falion & Co., Inc.
I. L. Brooks & Co. Incorporated
Elworthy & Co.
Fahnestock & Co.
The First Cleveland Corporation
First National Bank in Dallas
Goodbody & Co.

Hannahs, Ballin & Lee
J. A. Hogle & Co.
Industrial National Bank of Providence
Kalman & Company, Inc.
Kenower, MacArthur & Co.
King, Quirk & Co. Incorporated
The National Bank of Commerce of Seattle
Newhard, Cook & Co.

New York Hanseatic Corporation
The Ohio Company
Rauscher, Pierce & Co., Inc.
Republic National Bank of Dallas
The Robinson-Humphrey Company, Inc.
Shuman, Agnew & Co.
Tripp & Co., Inc.
Van Alstyne, Noel & Co.

R. D. White & Company
J. R. Williston & Beane
Robert Winthrop & Co.
Barret, Fitch, North & Co. Incorporated
Blunt Ellis & Simmons
The Boatmen's National Bank of St. Louis
Brush, Slocumb & Co., Inc.

C. F. Childs and Company Incorporated
Julien Collins & Company
Davis, Skaggs & Co.
Fahey, Clark & Co.
Field, Richards & Co.
The First National Bank of Memphis
The Fort Worth National Bank
J. B. Hanauer & Co.

Chester Harris & Co.
Hayden, Miller & Co.
Lyons & Shafto Incorporated
McDonald & Company
Mercantile National Bank at Dallas
Wm. J. Mericka & Co., Inc.
Model, Roland & Stone
Mullaney, Wells & Company

Park, Ryan, Inc.
Reinholdt & Gardner
Seasongood & Mayer
Stern, Lauer & Co.
J. S. Strauss & Co.
Third National Bank Nashville, Tenn.
Henry G. Wells & Co., Inc.
The White-Phillips Company, Inc.

Wood, Gundy & Co., Inc.
Zahner and Company
Auchincloss, Parker & Redpath
Boettcher and Company
Courts & Co.
J. M. Dain & Co., Inc.
Dallas Union Securities Co., Inc.
Dittmar & Company, Inc.

Dreyfus & Co.
Ellis & Company
Ernst & Company
First National Bank of Minneapolis
The First National Bank of Saint Paul
Foster & Marshall
Frantz Hutchinson & Co.
Freeman & Company
Ginther & Company
Granbery, Marache & Co.

Green, Ellis & Anderson
Hill Richards & Co. A Corporation
Laird, Bissell & Meeds
A. E. Masten & Company
McCormick & Co.
Merrill, Turben & Co., Inc.
The Milwaukee Company
Moore, Leonard & Lynch

Newburger, Loeb & Co.
Northwestern National Bank of Minneapolis
Putnam & Co.
Raffensperger, Hughes & Co. Incorporated
Rippel & Co.
Russ & Company Incorporated
Schmidt, Roberts & Parke
Herbert J. Sims & Co., Inc.

Sterne, Agee & Leach
Suplee, Yeatman, Mosley Co. Incorporated
M. B. Vick & Company
Winslow, Cohu & Stetson Incorporated
Malon S. Andrus, Inc.
Bosworth, Sullivan & Company, Inc.
Burns, Corbett & Pickard, Inc.

Edward L. Burton & Company
John W. Clarke & Co.
Cunningham, Schmertz & Co., Inc.
Shelby Cullom Davis & Co.
DeHaven & Townsend, Crouter & Bodine
Dewar, Robertson & Pancoast
A. Webster Dougherty & Co.

Elkins, Morris, Stokes & Co.
Clement A. Evans & Co. Incorporated
Federation Bank and Trust Co.
First Union National Bank of North Carolina
Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.
Harrington & Co., Inc.
Hooker & Fay, Inc.

Interstate Securities Corporation
Janney, Dulles & Battles, Inc.
Lucas, Eisen & Waeckerle Incorporated
McMaster Hutchinson & Co.
Milburn, Cochran & Company, Inc.
W. H. Newbold's Son & Co.

D. A. Pincus & Co.
The Provident Bank
Rockland-Atlas National Bank of Boston
Rodman & Renshaw
Ryan, Sutherland & Co.
Stein Bros. & Boyce
Stern, Frank, Meyer & Fox
Stifel, Nicolaus & Company Incorporated

Stranahan, Harris & Company
Stubbs, Watkins & Lombardo, Inc.
Talmage & Co.
Thomas & Company
Townsend, Dabney & Tyson
Chas. N. Tripp Company
Wulff, Hansen & Co.

March 10, 1960

A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.

MUTUAL FUNDS

BY ROBERT E. RICH

So That the People May Know

All but the stragglers among the mutual funds have, by now, come through with their annual reports for calendar 1959. These accounts of corporate stewardship get better with the passing years. An especially welcome addition to several of this year's reports was a commentary on investment changes. Judging from letters and comments of stockholders, many owners of mutual fund shares wonder why their company sold one stock and why it purchased another.

Where space permits they would like to see (and many have seen) such comments as these: "We bought it because it is benefiting importantly from the trend to miniaturization." Or: "This company has developed what it believes to be highly economic new type equipment for drilling."

Surely, thumbnail comments (expanded statements would be even better) could be as interesting as "The President's Letter."

Mutual fund men found life a lot simpler in the days when the task was weighing the merits of a steel, automobile, retail or utility company. In the Space Age, life is somewhat more complicated. How decide which company has the weapons system that will find favor with the military? How assay the benefits from a new fuel?

As one portfolio manager says: "A lot of us have even missed the boat on the radical changes that have taken place in oldline industries—the photographic trade is an example." This man was prompted to investigate the investment potential in that field by the interest of his son and other neighborhood lads in film dryers, film cutters, enlargement gear, exposure meters, precision filters and an array of photographic chemicals. Said he, after correlating the longtime upsurge in stocks with a stake in this field with the information gleaned at home: "A little child, etc."

Fund folks, even those in strong cash positions, hardly relished the sharp tumble in stocks last week after the so-called "bear signal" given by the penetration of the railroad average of the bottom reached last November. Many portfolio managers view Dow theorists dimly, but they recognize the panic selling that can be set off by such "signals" among people who know only that professional chartists give it a certain respectability.

Investment management may be discouraged by onerous automobile inventories, tight money, the inroads on our markets by highly competitive foreign enterprises or any other one of a number of economic factors, but the mumbo-jumbo of the methodologists and the astrologers is too much for most sophisticated investment leaders.

They know that there are only 30 stocks, largely blue chips, in the Dow-Jones industrial average. On a typical day, 40 times that number of stocks will be dealt in on the Big Board. They know that the 20 railroads, both as an industry and a stock average, are not what they were in the crinoline days of Charles H. Dow. They also know that even the components of the industrial average are subject to change — one year you throw out an International Business Machines, which would have sent the average soaring, and another year you replace a Loew's with an International Paper. They also know that the Dow, besides being unrepresentative from a qualitative standpoint, also is unrepresented in such modern-day key industries as missiles, drugs and aluminum. And our great aircraft industry, which did not exist when the Dow-Jones averages were started, is represented only by United Aircraft.

In 1957 a somewhat similar bear signal was given and before the year was over the average was down about 100 points in the industrials—a drop of nearly 20%. There might be something to be said in favor of this numbers racket if the so-called signal were given before the damage was done. But this year, as in 1957, "confirmation" of a change to a bear market came only after the market had sustained a sharp slump.

Shortly after "the signal" went up in the summer of 1957 the basis was being formed for the greatest upsurge in all history—the 1958 rise, in which 40 stocks advanced for every one that fell on the New York Stock Exchange. We'll never know how many little go-it-alone investors failed to participate in that broad advance because they were scared off by the black magic of the Dow.

Fund managers, who don't buy the Dow, remain content to buy earnings, dividends, growth—valid yardsticks in any century.

The Funds Report

Federated Investors, Inc., distributor of Income Foundation Fund, announced adoption of a program that will permit its salesmen and dealers in the fund to obtain ownership of up to half the company through their sales efforts. John F. Donahue, President of both companies, told a press conference that under the program his company's salesmen as well as dealers in Income Foundation Fund will have the opportunity to share in the growth of the sponsor and the fund group they are helping to build. Donahue revealed also that Federated Investors is now in process of acquiring substantially all of the outstanding stock of Income Foundation Research Corp., investment adviser to the fund.

Donahue gave his summary of how the program will work: Salesmen of Income Foundation Fund will earn not only their usual commissions but also will receive stock options issued by Federated in direct proportion to their sales production. These options will call for the purchase of Federated stock below market value. Donahue estimated that on the basis of his company's experience Federated's sales force could be entitled to own up to half the company at the end of 15 years.

* * *

Keystone Low-Priced Common Stock Fund S-4 more than doubled in size in the last year and increased almost fivefold in total assets since 1958.

President S. L. Sholley, in his semi-annual report to shareholders for the half-year ending Jan. 31, points out that 15,000 new shareholders invested close to $22 million in S-4 in the first six months of fiscal 1960. The fund now has 41,000 shareholders.

With total assets of $68,8:2,940, Keystone S-4 is now the second largest of Keystone's 11 funds with assets of more than half a billion dollars. Net asset value per share, adjusted for the capital gains distribution of $1 per share, is up 17% for the 12 months.

Portfolio changes in the past six months resulted in sharp increases in the machinery and chemical industries, and the elimination of retail trade holdings. Machinery was built to 11.7% of the portfolio with the addition of Cuno Engineering Corp. and Parker-Hannifin Corp., and increases in previous positions in Blow-Knox Co., Leesona Corp., Massey-Ferguson Ltd. and Tractor Supply Co. A. In chemicals, 31,900 shares of Detrex Chemical Industries, Inc., were added.

On an industry basis, the 74-stock portfolio is divided according to the following percentages of total assets: machinery, 11.7; electrical products, 11.1; steel, 3.9; paper and packaging, 8.6; building, 7.3; chemicals, 6.8; automotive, 5.6; railroad, 4.9; aircraft manufacturing, 4.7; air transportation, 3.7; office and business equipment, 3.0; metals and mining, 2.9; drugs and soap, 2.6; oil, 1.6; other industrials, 9.4.

Townsend U. S. and International Growth Fund has acquired Radio Station KITE of San Antonio, Tex. Total purchase price plus indicated subsequent investments will aggregate about $800,000, it was reported.

* * *

Colonial Fund net asset value per share showed greater price stability than the stock averages during the three months ended Jan. 31, according to James H. Orr, President. He said the figure declined to $10.17 from $10.30. Net assets of Colonial reached $70,778,000 at the close of January. At Oct. 31, end of the fiscal year, they totaled $68,878,000 and amounted to $65,746,000 on Jan. 31, 1959.

* * *

Wellington Fund reports highest February sales on record, totaling $13,124,346, up 6% from the like 1959 month.

* * *

Hugh W. Long & Co. reports sales of the three funds it sponsors reached $26,400,000 for the fiscal quarter ended Feb. 29. This compares with $24,290,000 a year earlier and is a new first-quarter peak.

* * *

Dividend Shares, Inc., sponsored by Calvin Bullock, Ltd., made "substantial net purchases" of common stocks last month, reducing its holdings of cash and Government securities from 12½% to 11% at the close of February. All new money from sales of shares, along with some reserves, went into purchases.

* * *

Delaware Fund reports that during the February decline in the stock market, it stepped up equity purchases "considerably." In one week, with the Dow-Jones Industrials around 620, net purchases amounted to $1,673,000.

* * *

American Research & Development Corp. stockholders have approved a 3-for-1 split of the shares. This Boston venture-capital company thus has authorized 2,100,000 shares, of which 1,185,000 are outstanding.

* * *

Boston Fund, large balanced mutual fund, reduced sharply its common stock holdings during the fiscal year ending Jan. 31, according to Henry T. Vance, President. Beginning early in the fiscal year and continuing in each quarter, the fund cut back its equity position so that common stocks comprised but 54% of total investments as against 68% a year ago. Fixed income investments were increased to some 46% from 32% as $26 million par value of bonds were added to the portfolio.

While the reduction of equity holdings was executed on a quarter - by - quarter basis, the heaviest cutback was made in December and early January when holdings in General Motors, Bethlehem Steel, U. S. Steel and Socony Mobil were eliminated and those in Inland Steel were reduced sharply.

Listed among the bond purchases were $3 million of American Tel. & Tel. 5⅜s, 1986, and $2 million each of Dallas Power and Light 5¼s, 1989, C. I. T. Financial 5⅛s, 1980 and Chesapeake and Potomac Teelphone 5¼s, 1996.

Boston Fund continues to carry as its largest individual common stock holding an $8 million commitment in American Tel. & Tel.

Boston Fund closed its 28th year with new highs in total net assets, shares outstanding and shareholders. Net assets increased during the year to $211,907,980 from $197,994,544. The number of shares outstanding rose to 13,097,714 from $11,474,997 and the number of shareholders climbed to 35,974 from 32,965. Asset value of the shares at the fiscal year-end, when adjusted for a capital gain distribution of 92 cents, was $17.10 as compared with $17.25 a year ago and $17.33 at the end of February, 1960.

* * *

Washington Mutual Investors Fund reports for the quarter ended Jan. 31 additions to the portfolio of General Motors, Marshall Field and Pacific Lighting. During the same period Baltimore Gas & Electric and Hooker Chemical were eliminated.

AS WE SEE IT *Continued from page 1*

economists and professors who have undertaken to look into our future—that is merely to guesstimate what point our economy will have reached at any given point in time. Such studies may or may not have any particular practical value but, if they are not set down as goals we must strive to attain by various maneuvers of the public authorities, they are hardly to be regarded as harmful or hazardous. The trouble is that at least some of these "projections" or potentiality studies are intended to determine a goal to which we should collectively work through means that are foreign to the American tradition of free enterprise. Or, if they are not so intended, they all too often are seized upon by those who would convert our enterprise system into a managed economy with "goals" and all the rest that go along with it.

It is a noteworthy fact, moreover, that we seem to have failed to get a good grasp of the basic nature of these "plans" and "goals" of the communist world which we are consciously or unconsciously imitating in one degree or another. This is seen in the fact that virtually all these studies of our potentialities proceed on the basis of something called Gross National Product—with a minimum of thought, if any at all, to the composition of this total. What the Soviets, and the others do is quite different. They are apparently well aware that it makes a great deal of difference what is being produced, and come up with a total of production only incidentally as the sum of the production of various departments or branches of industry and trade.

It is astounding how even the trained economist of this day and time has so often lost interest in what is being produced in their zeal to simplify calculations and other procedures through the use of some composite figure, usually Gross National Product, in projecting production rates into the future. Of course, this figure labeled Gross National Product is not in any event a measure of total output as is so often said in the popular press. Omitted entirely are vast amounts of household services and do-it-yourself production. But the main point here is that Gross National Product no matter how manipulated is not a good measure of economic welfare or economic progress.

A Different Procedure

What a different picture we should have were we to measure our future economic performance as do the Communists—or at least as they say they measure it. This difference would be dramatic when we undertook to set goals for ourselves. We should then have to set down agriculture—assuming we continued our present policies and programs of subsidies—at some figure that would be so obviously out of touch with markets that the whole program of programming would be in danger at the very outset of losing the respect of the public at large. So also with the multiform waste of manpower and worse now characterizing many of our governmental establishments, particularly the Federal Government. Much of our gadgetry would also look a little queer in any serious listing of production goals five or seven years hence.

When this whole process is viewed in this way it becomes much clearer how complex the economy really is, and how far beyond human ability it is to formulate economic goals for a number of years in the future. That is, goals which may be regarded with confidence as indicating real economic progress comparable, say, with what may be expected from an economic society that is left to its own devices under the sort of system described by Adam Smith and which was our ideal throughout the period when we were becoming the envy of the world. Merely to say that we should grow to a Gross National Product of such and such a number of billions of dollars by a designated year is about as meaningless as anything could be, that is as a national goal or as a desirable accomplishment.

Let Us Hope!

We can only hope that any organization which the President sets to work evolving "objectives" will bear some of these truths in mind. It would be well, too, if some of the more serious minded of the political figures were to revise their thinking about these subjects. If it be said, as it sometimes is, that it is no part of the duty of either the economist or of the government to say what people should want and in consequence what they should produce, the obvious answer is that nothing of the sort is being suggested. What is essential for true economic progress is that production be geared closely to what the people want and are willing to pay necessary prices for. The assertion that the "product mix" is far more important than is commonly supposed is based on reasoning that is the very antithesis of any philosophy which would determine for the people what they should want. The arbiter should, of course, be the market place.

Eppler, Guerin Co. Adds Two to Staff

DALLAS, Tex.—John W. Turner, President of Eppler, Guerin & Turner, Inc., Fidelity Union Life Bldg., members of the New York Stock Exchange, have announced the association with them of Alfred W. Anderson, Jr., who will be in the Trading Department of the firm's Dallas office.

Mr. Anderson comes to Eppler, Guerin & Turner, Inc., after four years' experience in the investment business. His prior experience has been in trading and retailing.

Robert S. Miller has also joined the firm in the research department. In the past he was in the investment business in Chicago.

Holland & Co. Formed in Texas

SAN ANTONIO, Texas—Holland & Co. has been formed with offices in the Milam Building to engage in a securities business. Officers are Edward W. Holland, President, and Bonnie L. Kemp, Secretary-Treasurer. Mr. Holland was formerly an officer of Creston H. Funk, Hobbs & Co., with which Mr. Kemp was also associated as assistant trading manager.

Outlook for the Bond Market

Continued from page 3

money and capital markets will be relieved from one of the major pressures which oprated on them last year. The record mortgage demand was, of course, the other major demand factor in the capital market. The demand for funds from business borrowers and state and local governments was, after all, quite moderate last year; and it was the aggressive competition of the Treasury as a borrower which produced the periodic strains on the bond market. In this view, whether or not the Treasury obtains relief from the 4¼% rate ceiling, great emphasis is given to the probability that the Treasury will be a much less active competitor for funds.

In my opinion, this cheerful view of the bond market ignores the fact that the Treasury faces a continuing problem of heavy refundings. Also, a portion of its short-term paper held by business firms is likely to be liquidated as nonfinancial corporations accumulate inventories and increase their outlays on plant and equipment. If, for example, these holders should allow several billion dollars of Treasury bills and certificates to run off, the acute debt management problem will be to find a new home for this volume of obligations. Obviously, the Treasury cannot hope to place them largely with commercial banks and must seek to sell either four- to five-year notes, or longer term bonds if the rate ceiling is removed, to non-bank financial institutions and individuals. This seems like a problem of competing in the capital market against other borrowers much like the problem which the Treasury faced on a larger scale last year. Despite the very great change in the budgetary position of the Treasury, therefore, it seems to me that we should expect an important impact on the bond market from the combined efforts of the Treasury to relocate substantial amounts of its obligations and to extend the debt.

Because of these considerations I am not persuaded that the first of the three possibilities is the most likely. Indeed, as we enter the second half of 1960, when Treasury receipts are substantially lower relative to expenditures because of seasonal factors, it seems to me quite possible that the Treasury may again be one of the major factors in placing a strain on the bond market. At least on these grounds, the case does not appear convincing that we have seen the lows in bond prices.

A Change in Psychology?

When we consider the second possibility, there has been a change in the psychological background of the bond market, it is very difficult to assemble reliable evidence. It is not possible to say, for example, to what extent bond prices were depressed in 1959 by the widespread opinion that persistent price rises have become a part of our way of life. Nevertheless, we can interpret a chart of the relationship between the returns on bonds and stocks as showing that bonds have been relatively in disfavor among investors because of their being payable in dollars of probably declining purchasing power. Since the turn of the year, bond prices have firmed moderately and stock prices have shown a significant decline in the face of excellent earnings and dividend expectations. It seems plausible to read these divergent price trends as an expression of at lease some growing doubt about the inevitability of inflation in the American economy.

Without going into all of the domestic and international developments which have raised questions about the inflation psychosis of business and financial leaders, I think that we can all recognize the fact that the expectations of inflation have been greatly exaggerated at various times in the recent past.

With a continued expansion of business, and therefore some upward pressures on prices, will this more sober view of the outlook for prices prevail? Will institutional and individual investors be willing to do more bond buying, including more shifting out of equities? Will corporate financial officers be more disposed to raise equity capital and to rely less on debt as a source of external funds? If you answer these questions affirmatively, then it seems clear that the bond market will be under less actual and psychological pressure in the months ahead. A negative answer to these questions, on the other hand, would indicate that the kind of situation which developed in the bond market during the latter part of last year was only the beginning.

This question of what expectations about inflation will be is an extremely difficult problem for the economist to analyze. It is so easy to reach a generalized conclusion on the basis of fragmentary evidence provided by isolated business decisions. Feeling so much at sea in trying to reach an intelligent conclusion on the question, my own inclination is to rely on the bond-stock yield relationship patterns as the closest thing available to a continuous polling of businessmen and investors on what they think. On this basis, we may conclude that there has been some significant weakening in our somewhat naive and irrational obsession with the inflationary pressures latent in the American economy. At least on the basis of present evidence, therefore, it appears that to some measurable extent the bond market will be free from a major downward pressure on prices.

A Temporary Lull?

We can all remember how there was a strong rally in the bond market in February 1957 after prices had generally fallen to new lows under the impact of a heavy volume of new issues. Have we been through a similar short rally in 1960, which represents only a temporary lull in the forces operating to depress bond prices?

This year, in addition to the normal seasonal influences, we have some after-effects of the steel strike to take into account. Inventory building and capital outlays were both slowed down by the dislocations caused by the protracted work stoppage in steel. Some relief from tight money pressures was almost inevitable because of the slowdown in the demand for funds in the first two months of this year. Although it is not possible to be specific about these influences, it appears that if our expectations are correct about the outlook for business, we have been in a rather temporary situation. If, in fact, inventory accumulation and rising capital outlays lie ahead, the demand for funds has been only temporarily deferred as a consequence of the steel strike. Even if one discounts the impetus which inflationary sentiment would give to these demands, we cannot disregard the almost inevitable sequence of higher capital outlays following a rebuilding of inventories in a period of business expansion.

The extent of any further decline in bond prices will depend, of course, on the trend of business and its duration. The necessary second sight has not been provided to me so that I can tell what lies ahead. However the weight of the available evidence seems to suggest that we should persist in expecting a year of rising economic activity, with a high volume of residential housing and vigorously expanding business investment. The demand for long-term funds in the capital market should be strong, even if not explosive.

On this line of reasoning, we are now emerging from a temporary lull in the downward pressures on bond prices. If the analogy with 1957 has any validity, we should expect a renewal of weakness in bond prices as soon as new offerings make their appearance in volume.

The Outlook in Summary

If you agree with my brief analysis of the possible course of bond prices, you will find that the probabilities seem to favor the view that, before the year is out, the bond market will again be under considerable pressure and that prices will again reach or moderately break through the lows established during the latter half of 1959. This conclusion is consistent with the expectation that the low in bond prices will occur toward the end of a business expansion; it seems to me most probable that this period still lies ahead of us.

But how much lower are bond prices likely to go? We know that rates on real estate mortgages are close to the ceiling set by the laws of many states, and there is not much room for a further rise. As a consequence, if corporate bond yields rise much further, they will have the effect of drawing funds from the mortgage market. Also, I believe that this level of interest rates materially strengthens the reasons for selling more new equity securities. A substantial increase in the demand for bond money would, therefore, have its impact on both the mortgage market and the market for equities, both acting as safety valves.

To be somewhat more specific, I would express my opinion on the outlook for the bond market in these terms: Bond prices are likely to be moderately lower during the course of 1960, but there is not likely to be any important difference between the lows of late 1960 and the lows of late 1959 except for short periods of congestion in the market. This implies strain on the bond market but the orderly distribution of a good volume of issues. For example, most high quality new corporate issues should be marketable at rates ranging between 5⅛% and 5⅜%. The Bond Buyer yield index for municipal bonds should not rise above 3⅞%. In the government securities market, we might see a moderately higher level of yields, but the shape of the yield curve depends largely on what the Congress does about the 4¼% rate ceiling.

I need not remind you that a high obsolescence factor applies to this forecast, as to all others, particularly since it relies in part upon an assumption as to the attitude and expectations of both borrowers and investors on the question of inflation. Also, of course, there is the key assumption that we are looking ahead to a continuation of the expansion of economic activity on all fronts. But if this interpretation of the outlook needs early revision, I suspect that it most probably will be necessary because I have underestimated the decline in bond prices in the months ahead.

*An address by Professor Murray at the 8th Annual Dean's Day of the Graduate School of Business Administration, New York University, Feb. 27, 1960.

With Continental Secs.

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Karl H. Nieland is now associated with Continental Securities, Inc., 607 Marquette Avenue. Mr. Nieland was formerly with American Securities Associates, Piper, Jaffray & Hopwood, and Merrill Lynch, Pierce, Fenner & Beane.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government market has made considerable upward progress in the past fortnight, with prices of certain issues moving up sharply. The gains in the Government market apparently have been made at the expense of the equity market since the price weakness in common stocks has brought about rallies in quotations of Treasury obligations. The uncertainty which seems to have taken hold of the equity market is resulting in an enlarging demand for fixed-income bearing issues.

The buying which has been going on in Government obligations is still as strong as ever in Treasury bills even out to the longest maturities of this security. However, of late, there has been an improving demand for the middle-term Governments, with the 4¾s and 4⅞s of 1963 and 1964 being among the favored obligations. Commercial banks are reportedly extending maturities of their Treasury holdings modestly.

Fight Against Inflation Effective

The lessening of the inflation fear is the result of increasing evidence that the purchasing power of the dollar will be maintained at current levels. And that the international position of our monetary unit will be defended so that there is not going to be any devaluation of the dollar. These are strong contributory forces which have tended to lessen the inflation psychology. It is evident that the world as a whole has been, and still is, fighting the forces of inflation, and the positive action of the Central Banks of various nations such as England, Germany, France and several others in keeping money and credit tight will, with time, grind the boom and its attendant maliciousness to an end.

The policies which have been followed by the Federal Reserve Board have not been dissimilar to those adopted by the other Central Banks in the battle against inflation and it appears as though the Federal Reserve Banks are also gaining some semblances of success against the forces of inflation. Therefore, with some of the froth removed from the inflation brew it was rather natural that investors should again look toward fixed-income bearing obligations as an outlet for funds.

Not of Large Proportions

To be sure, the money which has been going into bonds is continuing to expand, but it has not yet reached proportions which will have an unfavorable influence on the market for common stocks. The funds which are going into bonds, and this includes attractive yielding intermediate-term Governments, long corporates and tax-exempt issues of varying maturities is for defensive and income purposes. The need for protection against a decrease in the purchasing power of the dollar appears to be on the wane. And this means that funds which went into equities at times-earnings ratios which were out of this world and at no current return or practically none are now seeking a haven in fixed-income issues with yields that are looked upon as very attractive.

Intermediate Issues in Demand

The intermediate-term Government issues, especially those which came into being in the not too distant past, are still attracting attention because it is believed by most money market specialists that the 4¼% interest rate level for Treasury bonds will be overcome or bypassed one way or another. This will cut down the supply of five-year and shorter maturities which the Government has had to use for refunding and new money purposes.

Also, it is believed that specific maturities such as those issues which were floated during the Second World War will be given favorable treatment under the so-called "Advance Refunding" which is being talked about as one of the things which the Treasury will do when the 4¼% interest rate ceiling has been assigned to limbo. This has attracted buyers to these bonds, most of which are selling at a sizable discount.

Long Market "Thin"

The most distant Government issues have also been in demand, but a not unimportant part of this buying is being done by professionals. There is not likely to be more than a "trading" interest in these obligations since the threat of a long-term Treasury bond with a high coupon rate will be overhanging these securities. This is assuming that the pattern of interest-rates does not change abruptly.

State funds nonetheless continue to make modest commitments in the longest Government bonds and there is evidence that this sector of the market is very thin, which accounts for the sharp price changes which take place in these obligations.

P. B. Cannell Elected To Chemical Fund Bd.

Peter B. Cannell

The stockholders of Chemical Fund, Inc. reelected 13 members of the Fund's board of directors and elected Peter B. Cannell a new director to fill a vacancy on the Fund's board, it was announced following the annual meeting.

Mr. Cannell is Executive Vice-President of Chemical Fund, Inc. and a general partner of F. Eberstadt & Co., the investment banking firm which manages Chemical Fund's investments and distributes the Fund's shares to the public.

McDonnell & Company Opens Denver Branch

DENVER, Colo. — McDonnell & Co. Incorporated of New York City has opened a branch office in the Tower Building, Denver U. S. National Center. Kenneth E. Linscott, James E. Roth and Charles A. Roth are associated with the new office. Mr. Linscott was formerly with Walston & Co., Inc. Charles and James Roth were with Cruttenden, Podesta & Co.

Named Director

J. Burr Bartram, partner of Stevenson & Bartram, has been elected a director of Broad Street Investing Corporation. Mr. Bartram is also Chairman of Bartram Bros. Corp., a private investment company, which is being absorbed into Broad Street Investing.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

THE BANK HOLDING COMPANY STOCKS

While the branch banking form of operation is generally conceded to best serve banking needs of the people and thus in time will gain near universal acceptance throughout the country, political power exerted by unit bank managements in many states is limiting a smooth evolution for branch banking. This conflict in recent years has stimulated the growth of bank holding companies where expansion restrictions have prevailed.

Bank holding companies, registered under the Federal Act of 1956, presently control some 10% of commercial bank deposits in the 33 states where they operate. There are approximately 50 registered bank holding companies, many of which operate in several states, with over 400 banks plus some 850 branches under their control.

Holding companies hold over half of the total commercial bank deposits in Minnesota, Montana, Nevada and Utah and over 20% of deposits in Arizona, Georgia, Idaho, Massachusetts, North Dakota, Oregon, South Dakota, and Wisconsin. Although more widely adopted by states west of the Mississippi River, New York leads when measured by the number of banking offices. Nine holding companies operate in New York State with approximately 200 banking offices. Should pending legislation "unfreeze" holding company expansion in New York this lead probably will be extended. Of the 100 largest commercial banks in the United States, 14 of the banks are under holding company control.

Sponsored under a grant by bank holding company interests, the New York University, Nadler-Bogen 1959 research study of "The Bank Holding Company" presents a constructive role for this form of banking and is recommended to those deeply interested in the subject. Holding company banking has such advantages as the retention of identity of local banks, the ability to attract capital, benefits of effective cost control, retention of key personnel, unification of direction, and generally a more practical method for attaining the advantages of branch banking. Actually the holding company route is likely to accelerate the ultimate transition to branch banking on a national scale. Probably the main advantage of the holding company is the ability to operate interstate, regional offices.

LEADING BANK HOLDING COMPANIES
(Per Share)

	Approx. Price Range 1959-60	Recent Price	Dividend	Yield	1959 Earns.	Gain Over 1958	Shares Outstdg.
Firstamerica Corp.	32-21	27	$0.80	3.0%	$1.51	20.6%	16,716,757
Marine Midland Corp.	30-24	27	1.00	3.7	1.91	9.1	9,641,436
Northwest Bancorporation	41-28	34	1.20	3.5	2.64	10.9	5,168,242
First Bank Stock Corp.	54-44	52	1.93	3.7	4.14	11.6	3,470,363
First Wisc. Bankshares Corp.	38-28	36	1.40	3.9	2.43	15.2	1,940,598
BancOhio Corporation	73-50	73	1.70	2.3	5.38	18.5	988,804
First Security Corporation	63-48	63	1.70	2.7	4.40	20.2	1,217,456
Baystate Corporation	32-25	30	1.40	4.7	3.29	20.5	691,196

Among the larger holding companies not presented in the table which may be of investor interest are the Citizens & Southern Holding Company, The Citizens & Southern National Bank (Georgia), the Atlantic and Barnett groups (Florida), Shawmut Association (Massachusetts), General Bancshares Corporation (Missouri), and Hamilton National Associates, Inc. (Tennessee).

Firstamerica Corporation's group of 24 banks with 421 banking offices located throughout 11 Western States is under able management and operates in the nation's fastest growing area. Under its control are such leading banks as California Bank, First Western B & T Co. (San Francisco), First National Bank (Phoenix), First National Bank of Oregon (Portland), and National Bank of Washington (Tacoma). Total resources exceed $5 billion.

Marine Midland Corporation's group serves 95 communities through control of 11 banks operating 171 offices. Leading banks are located in Buffalo, New York City, Rochester, Elmira, Syracuse and Utica. Combined deposits exceeded $2 billion and total assets were $2.3 billion at the end of 1959.

Northwest Bancorporation controls banks in Minnesota, North Dakota, South Dakota and southwestern Wisconsin. Northwestern National Bank (Minneapolis), Iowa-Des Moines National Bank, and United States National Bank (Omaha) are major holdings. At year end 1959 total resources approximated $2 billion; and total deposits dropped slightly to $1,770 million.

Affiliates of **First Bank Stock Corporation** include 86 banks in Minnesota, Montana, North Dakota, South Dakota and south western Wisconsin. Total deposits approximated $1.6 billion at the end of 1959. Its two main affiliates are First National Bank (Minneapolis) and First National Bank (St. Paul).

First Wisconsin Bankshares Corporation controls 7 banks in Wisconsin with First Wisconsin National Bank of Milwaukee its major affiliate. Recently, authorized shares were increased from 2 to 5 million shares for possible expansion purposes. The fiscal year has been changed from Oct. 31 to Dec. 31, and a name change took place with the addition of "First" to its title. Total assets approximate $886 million.

Total resources of **BancOhio Corporation's** 22 affiliated banks approximate $700 million. Ohio National Bank (Columbus) is the principal subsidiary. Its banks in Ohio control about 42% of total commercial bank deposits in the areas it serves.

Baystate Corp. has nine bank affiliates with 90 offices, mainly in eastern Massachusetts. Major banks include Harvard Trust Company, Middlesex County National Bank, Norfolk County Trust Company and Valley Bank & Trust Company, all of which rank among the nation's top 300 banks. Resources approximate $550 million.

The bank holding company, **First Security Corp.**, is the parent of leading banks in Utah, Idaho and Wyoming. This banking system has 73 offices and six military facilities. Deposits totalled $511.3 million at the end of 1959. A reorganization was effected in 1959 resulting in two corporations, First Security Investment Co. successor to the original, and a new First Security Corp. for banking interests.

Several of the bank holding company stocks are listed on national or regional exchanges and have investment attraction especially where dynamic growth areas are being served.

Massachusetts Parking Authority Underwriting Closed

Underwriter and Chairman of Massachusetts Parking Authority close financial arrangements for $9,600,000 of 5¼% Boston Common Garage Revenue Bonds, Series 1960, at New York meeting March 2. George J. Gruner, Vice-President of John Nuveen & Co. (left), sole underwriter for the issue, hands check to George Lewis Brady, Authority Chairman. Bonds, offered at 100 and accrued interest, were quickly oversubscribed. Underground project will hold 1457 cars, and is scheduled for completion in 18 months.

Daniel Delan Opens

Daniel Delan is conducting a securities business from offices at 18 East 60th Street, New York City, under the firm name of Daniel Delan Co.

Davis, Pearson & Perkins Formed

BIRMINGHAM, Ala. — Davis, Pearson & Perkins, Inc. has been formed with offices in the Highlander Building to engage in a securities business. Officers are Lyndon L. Pearson, President and Treasurer; Horace M. Davis, Jr., John B. Davis, and John H. Perkins, Jr., Vice-Presidents; and John E. Grenier, Secretary. Messrs. Pearson and Davis were formerly with EBSCO Investment Co., Inc.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Don't Underestimate Your Customer

In most lines of business, the salesman who suggests that his customer place an order for a carload when he can only use a half a gross is very likely to create some resistance that may cause him to lose the sale and sometimes future business as well. This is not the case in the investment business. You never hurt a man's ego when you overestimate his buying power in regard to his investment capacity. In many cases, securities men are prone to underestimate their clients' buying potential and instead of suggesting an investment of a thousand shares they apologetically offer a hundred. This is psychologically detrimental. First, it shows a lack of confidence on the part of the salesman in the security he is offering. Secondly, it may indicate a lack of understanding of the investor's proper potential. The man who buys in units of 1,000 shares will hardly feel complimented if a salesman gingerly offers him a hundred. It is better to overestimate a man's investment capacity than underestimate it.

Long Trip — Big Order

Some years ago there was an insurance company in the Middle West that bought a lot of bonds. The investment department consisted of two men, the president and the treasurer. This was in the day long before we had investment departments staffed by many technical experts as is now the case with many large institutional investors.

The man who told me this story is now a partner in a large underwriting firm but in those days he was a cub salesman for one of the investment firms that even in those days had a national reputation. His boss called him in and told him he wanted him to start on a trip through the Middle West and make his first stop the office of this insurance company. He had several attractive issues to present. When he reached his destination he made an appointment and arranged to see the president and the treasurer of this insurance company.

They received him most favorably and after about 30 minutes of explanations as to why his firm thought a particular issue was very sound and attractively priced the two buyers looked at each other and seemed in agreement that they should place an order. Turning to the young salesman, the president said, "How many of these bonds do you think we should buy?" The neophite salesman, sensing an order, replied, "Well, that you know best I am sure, but certainly an order for several hundred thousand at least would seem to be indicated, considering their quality and price." The president then replied, "How big is the entire issue?" The salesman told him it was $750,000. Then he queried, "If these bonds are as good as you have been telling us for the past half hour, why shouldn't we buy the whole issue?"

Here was a case where the salesman had made a better presentation of an attractive bond issue than he realized. Also, it just happened that this insurance company had a plethora of available investment money at the time he called. They liked the bonds and they gave him an order that he never would have obtained if it had been left to him. His customer took the initiative and the result was a very substantial sale. This man told me that never again did he underestimate the buying power of a client. If you are too high you can always cut it down, but if you are too low you may also bruise your buyer's ego.

Use Good Judgment

This does not infer that an investment salesman who is interested in the welfare of his customers should attempt to overload any investor with securities that are not indicated for his account. You naturally should use good judgment in making suggestions. The man who invests in certain securities that are suited to his requirements should never be motivated to buy too much of any issue if it will impair the diversification and balance in his account. My point is simply this, if a man should only buy 100 shares of an issue don't suggest 50, and if his investment unit is 1,000 shares it is better to suggest 2,000 than 500. No one will get mad at you if you overestimate his investment capacity — most people like it a lot better than if you put them in a lower category.

Jeffrey V.-P. of Gairdner N. Y.

Stanley B. Jeffrey has been appointed Vice-President and General Manager of the New York office of Gairdner & Company Inc., 60 Wall Street, New York City. John E. Wiley will remain a Vice-President of the firm but will take up other duties with Gairdner & Company Limited.

Mr. Jeffrey was recently elected a director of Gairdner & Company Limited and was previously with the company in Montreal.

George, O'Neill Co. Heads Sonar Group

A public offering of 180,000 shares of Sonar Radio Corp. common stock was made on March 8 by George, O'Neill & Co., Inc. and associates. The stock is priced at $3 per share.

Sonar, formed in 1946 with headquarters in Brooklyn, N. Y., manufactures primarily three lines of marine electronic and radio equipment: marine radio telephones, electronic depth indicators, and electronic direction finders. The company produces and distributes radio telephones ranging from 35 to 150 watts in transmitting power. It has also completed development of a new transistorized radio telephone, to be known as the M-45, which it plans to distribute within the next few months. Other recent developments include a fully transistorized depth indicator and a frequency and modulation meter for a device to measure radio frequencies.

Sales of products manufactured by the company are made to dealers and distributors in marine equipment and supplies located throughout the United States.

Net proceeds from the sale of common stock will be used by the company to move to new plant facilities; to set up new research and development operations to investigate the potentiality of developing new products enabling the company to bid for government contracts in the electronics field; to purchase additional equipment; for additional advertising and promotion work; and for additional working capital.

Sales for the company have increased more than 70% from the $474,400 shown for fiscal year ended June 30, 1957 to the June 30, 1959 figure of $806,500. During this three-year period, 1957 through 1959, earnnigs for Sonar have increased more than 700% going from $8,000 in 1957 to $57,100 in 1959. On the shares outstanding at June 30, 1959, the company earned 25 cents per share.

Giving effect to the sale, including the stock being offered, the company will have 410,940 shares of 10 cents par value common stock outstanding.

ASE Listings Are At New High

Edward T. McCormick, American Stock Exchange President, has announced that the market's listing machinery is operating at near-record levels with six equity issues admitted to dealings the week ending March 5, a rate for new listings which is in excess of one a day. Thus far in 1960 sixteen issues have been admitted to trading compared with ten at this point in 1959 and five in the comparable 1958 period. Sixty-four issues were admitted in 1959 while 1958 saw 37 issues admitted to listing. Nearly 500 new issues were added in the past decade.

E. T. McCormick

New listings for the week ending March 5 cover a broad cross-section of industry and commerce including tire and tube manufacture in Israel, copper mining in Uganda, United States production of uranium, standard and custom millwork, wooden and steel barrel conversion and an investment company with wide interests in a number of fields.

Generally speaking the exchange judges each listing application on its own individual merits, but the Committee on Securities looks for a minimum distribution of common stock to be not less than 100,000 shares distributed among not less than 500 public stockholders.

The picture of the present and recent past is bright as regards new listings, but waiting in the wings are seven new issues which have been approved by the board and a host of formal and informal applications which are being processed by the Committee on Securities headed by exchange governor Adolph Woolner of Bache & Co.

St. Louis Municipal Dealers Party

ST. LOUIS, Mo.—The officers of the St. Louis Municipal Dealers Group have announced that their Spring Party will be held on Thursday and Friday, April 28 and 29, 1960, with headquarters at the Park Plaza Hotel at St. Louis, Missouri.

It was further announced by the Group that beginning this year their party will be on a biennial basis. As there will not be a party in St. Louis, Missouri, next year the Group particularly urges all of its friends to make every effort to attend the party this Spring.

Forms Hoffman Agency

CHARLOTTE, N. C.—Robert L. Hoffman is conducting a securities business from offices in the Johnston Building under the firm name of Hoffman Agency.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Florida Power Corporation

Florida Power Corp. is one of the fabulous "growth utilities" which have become so popular with investors. Twenty years ago revenues were less than $4 million, but in 1959 they approximated $62 million—more than 15 times as much, and some 3½ times as large as a decade ago. Postwar growth has been about 2¼ times as fast as that of all U. S. electric utilities.

The company supplies electricity to a population of some 1,250,000 in northwestern Florida. The service area extends south from the Georgia-Florida line along the Gulf Coast to St. Petersburg, and through the central part of the state to Lake Placid. Principal industries include citrus packing and canning plants, phosphate mines and lime rock mines. In recent years, a number of concerns in the electronic, chemical and aviation fields have located in the area. Other important economic factors are agriculture, raising of citrus fruits, and vegetables, cattle raising dairying, lumbering, naval stores, fishing and sponge fishing.

Industrial sales are still relatively small, contributing only about 14% of revenues. However, in the past decade the industrial base in Florida has broadened considerably. The company is now much less dependent on phosphate mining and processing. In 1950, two-thirds of industrial revenues came from these customers; citrus packing and processing represented 16% and other industrial customers 18%. But in 1959 phosphate industries contributed 47% of revenue, citrus packing and processing 21% and other general industrial customers, including companies in the fast-growing electronics field, 32%. The company added 50 small industrial customers last year, and while they added only 4% to total revenues, they did increase industrial payrolls 37%. Total industrial revenues gained 10% in 1959.

Residential revenues last year contributed 47% of the total, and the large proportion of residential and commercial business explains the steady growth of revenues — without noticeable setbacks from the recessions in the 1950s. Residential kwh sales last year gained 13% and average residential sales reached 4,137 kwh, compared with the national average of 3,366. The company added nearly 19,000 new residential customers. As a result of successful sales promotion programs, the saturation of refrigerators is now 95%, ranges 59% and water heaters 60%. With the advent of the window or wall-type air conditioners and heat pumps, many thousands of customers now enjoy year-round climate control in their homes. Last year alone more than 12,000 air conditioners and 2,600 heat pumps were sold in the territory.

Over 5,000 customers qualified last year for the Medallion Award (which includes use of five major appliances, and high lighting standards), or over five times the number granted in 1958. More than three times as many "adequate wiring" certificates were issued as in the previous year.

Commercial sales showed an even more remarkable gain last year — kwh sales increased 17% and the number of customers 5%. Much of the gain was due to the increased use of air-conditioning equipment in all types of commercial establishments.

The company now has seven steam generating plants (plus three very small hydro plants) with total capability of 810,000 kw. This compares with the 1959 peak load of 636,000 kw, indicating an ample surplus of capacity. Some 90% of generating facilities are of the most efficient high-pressure steam type. A 125,000 kw unit is scheduled to be added late in 1961 and will probably include the first installation of a "remote control" boiler using both gas and fuel oil.

Construction expenditures in 1959 approximated $29 million and about $33 million is budgeted for this year. Still larger expenditures seem indicated for 1961 and 1962, indicating expectation of continued rapid growth. The company sold common stock on a 1-for-12 basis in 1959, but equity financing does not seem likely this year.

Florida Power Corp. has enjoyed a favorable "regulatory climate." The company last year earned only 6.1% on year-end net plant — a moderate return by Florida regulatory standards.

While the company's record fully entitles it to membership in the select group of "growth utilities" its share earnings have not shown as consistent or rapid gains as those of its big neighbor Florida Power & Light. Earnings of 52 cents in 1949 (adjusted for the 3-for-1 split in 1958) somewhat more than doubled to reach $1.14 in 1959 but there were setbacks in 1949, 1951 and 1959. The dividend rate (adjusted) has increased from 33 cents in 1948 to the present indicated rate of 80 cents; dividends paid increased in each of the past seven years.

The share earnings decline in 1959 was attributed to three factors: (1) the unusual cold winter of 1958 resulted in five cents per share of abnormal earnings in that year; (2) the "interest on construction" credit declined 10 cents per share in 1959; (3) and the sale of new common stock diluted earnings. Share earnings are expected to resume their upward trend in 1960 and 1961, with annual gains estimated in the neighborhood of 10-12 cents.

Florida Power Corp. has been selling recently around 31½, compared with the 1959-60 range of 31¾-26. Based on the current dividend rate of 80 cents the yield approximates 2.5%. The price earnings ratio is about 27.7%.

Walter E. Heller Private Placement

The private placement with institutional investors of two issues of notes aggregating $25,000,00[illegible] of Walter E. Heller & Co. wa[s] announced on March 3. Th[e] placement was negotiated by [illegible] Eberstadt & Co. and Dean Witte[r] & Co.

The issues are $20,000,000 senio[r] notes due 1975 and $5,000,000 con[-] vertible junior subordinated note[s] due 1975.

Heller, a major commercia[l] financing and factoring organiza[-] tion, will use the net procee[ds] from the private placements [to] expand general funds, enablin[g] the company to increase its ge[n-] eral volume of business.

For 1959 the company reporte[d] total income of $23,249,552 co[m-] pared with $19,253,022 in 195[8.] Net income for the year reache[d] a record high of $4,398,851 co[m-] pared with $3,775,829 in 1958.

The company, founded in 191[illegible] maintains headquarters in Ch[i-] cago with an office in New Yo[rk] and subsidiaries in Chicago a[nd] Los Angeles.

What U.S.A. Has to Face in Coming Months and Beyond

Continued from page 1

rience. Last year, commercial bank loans jumped $11½ billion, but the monetary base was contracted by $0.35 billion: the gold stock declined by $1.07 billion while Reserve credit increased by a bare $0.72 billion. The banks drew the funds they needed by selling Government securities to the tune of $8 billion, a fact that explains the spectacular decline of bond values. It could become a debacle if the corporations join, as they well may under boom conditions, in liquidating their multi-billion dollar holdings of short-term Treasury instruments.*

In short, a fresh upturn would be accompanied under present conditions by a credit pinch: less funds available and at higher costs at that. Nor is that all.

Inventories and the Consumer

A mainstay of Full Employment is the inventory accumulation by business and consumers. But in most manufactured articles and in a majority of raw materials, the "pipelines" are virtually filled, as they were before the strike. Major exceptions are inventories in steel and steel products; yet, even these are not far from being satisfactory. Short of another major strike, even a resurgence of consumer spending is not likely to sustain a rush into inventories.

A resurgence, if any, will be restrained by the fact that the consumer has gone into debt in 1959 at the near-record rate of $6.6 billion, this on top of a $13.3 billion increase in housing mortgages. No boom is possible without a similar or higher rate of increase in personal indebtedness that cannot be maintained for long. Two to three years are the limit, after which net liquidation sets in. We are definitely approaching the limit.

Excessive Capacities and International Competition

Under the stimulus of the prolonged credit inflation, industrial facilities have been overextended along many lines, and their productivity per manhour greatly enhanced by improved technology—rationalization, better equipment, automation, etc. This is a world-wide problem that affects, especially, primary production. (In nickel, for instance, the *Wall Street Journal* reported, "capacity exceeds the 1959 consumption by 150 million pounds, and more capacity is being added.) Hence the fundamental weakness of staple prices since early 1957, a weakness that was obscured last year by strikes in base metal mining, crop failures in Europe and elsewhere, and the operation of international pools. Most helpful was the industrial boom on both sides of the Atlantic and in Japan in supporting last year's (moderate) improvement of raw material prices. But they are sliding again, and a modest recession in inventory buying will suffice to bring them down. The more so, since ever-new substitutes and processes are being devised to economize on the use of crude materials.

Overproduction raises its ugly head in manufacturing as well, from aluminum, petro-chemicals and pulp, to final products. Once the steel inventories are filled up, 80% of our 140-odd million steel capacity could scarcely be utilized even under most prosperous conditions. (Demand for several types of steel is easing already.) European and Japanese industries are in a similar quandary—or will be fairly soon. Their rapid expansion, due in part to an invigorated flow of American private capital (into the Common Market, especially) helps to confound the confusion. True, machinery and equipment exports to underdeveloped areas are well maintained with the aid of give-away programs and credit subsidies. But these artificialities boomerang, reducing the recipients' demand for foreign finished goods. Even with Foreign Aid, plus military procurement and subsidies, orders for American machine tools slumped in 1959 to $660 million from $1,100 million in 1957, and no sign of recovery.

The sharpening international competition is bound to have repercussions. The inroads British, Continental, and Japanese industries have made into American markets, domestic and foreign, are well known. Presently, Britain is faced with a labor showdown, affecting pay raises for some four or five million workers, that might seriously hamper her competitive prowess. Similar troubles may arise in France. The Damocles sword of a general strike is hanging over Belgium; in Holland and the four Scandinavian countries, fiscal recklessness and inflationary monetization are threatening the cost-price structure. So far, their exports have been forging ahead, those of Germany and Japan even more so. That they are all heading for a recession, may mean more rather than less export efforts in order to compensate for a narrowing of the respective domestic markets. And in any case, American labor costs tend to rise sharper than those abroad, as does the tax burden, while the advantage in terms of lower capital costs (interest rates) has almost vanished.

Simultaneously, more foreign industries appropriate more of the technological advance that used to give America a long lead in world trade. The advantage of large-scale production is diminishing, also, with the enlarging of trade areas, growth of populations, rise of living standards abroad, and multiplying mergers. As trade barriers are lowered in the process of building up tariff unions or their equivalents, division of labor among participants progresses and their costs are cut—making foreign competition increasingly effective in this country, depending on our cost-price developments.

Costs and Prices After the Steel Strike

A decisive factor in the American cost-price outlook is, of course, the settlement of the steel strike in January. It was a "favorable" settlement—in comparison with what obtained in the previous three-year period when the basic steel cost was raised by 6% per annum. For the next 2½ years, annual increases per unit of output are estimated roughly as follows:

	%
Labor cost	+3½
Labor productivity	+2½
Net cost (and price) increase	+1

Nothing spectacular — if the estimates hold water.

The trouble is that the settlement sets a pattern for other industries, railroads and telephone in particular, and numerous other large firms. But not all industries are capable of raising labor productivity at a 2½% yearly rate, if at all. And even a 1% cost increase, spread over major sectors of the economy, has cumulative impact on the cost-of-living index. Further wage adjustments follow all along "escalator" lines. The "spiral" becomes operative unless farm commodity prices are permitted to fall—not very likely in an election year.

The point is the impact of the apparently unavoidable spiral on employment. While credit inflation is rampant, consumer buying and business investing are stimulated rather than hampered by higher prices. The exact opposite obtains when prices rise and the credit flow is restrained, which is what must develop fairly soon if the Federal Reserve, as mentioned above, merely carries on a hands-off policy. The resulting coincidence of price inflation with declining sales and profits and with growing unemployment spells RECESSION, more severe than the previous three.

Perhaps even more serious than the price aspect of the steel settlement is the failure of the companies' attempt to eliminate antiquated "work rules" and featherbedding practices which impede the freedom of management to manage. It will prejudice to some extent the forthcoming industrial disputes, to the disadvantage of progress of industrial efficiency, profits, and business investment.

The Psychological Factor

A controlling factor of business ups and downs is the public's *expectations*. What makes them tick? One thing is certain: inflationary expectations, which were an important factor in 1958/59, have been substantially "deflated." The speculator's disappointment with Eisenhower's projected budget surplus of $4.2 billion in fiscal 1961 has been instrumental in dampening the exuberance of the stock exchanges. So was the Federal Reserve's "neutral" attitude.

Another decisive influence emanates from monetary policy. The public takes it for granted that a major depreciation of the dollar's internal or external purchasing power will not be permitted. And the politicians seem to be aware of the fact that elections may be lost on rising prices as well as on declining employment, to say nothing of the combination of both—or of a run on the dollar.

That brings us to the crucial point — the balance of international payments.

Recession—to Protect the Dollar

The dollar is not in danger, not as yet. There is no sign of a run on our gold reserve from within or without. Actually, foreign funds flow in, which is the best proof that no devaluation is expected. But the whole financial world anxiously watches the developments.

By the end of last December, the total of short-term American liabilities to foreigners amounted to over $19.3 billion; the gold reserve, to less than $19.5 billion. With an annual deficit of about $3½ billion in the over-all balance of payments, the gold outflow may accelerate and spark a run on the dollar. Gold in the order of $3 billion or so could be drawn out almost overnight. Though the public and some politicians do not seem to be aware of the problem, foreigners are. For the American authorities, it is axiomatic that the world's confidence in the U. S. dollar must not be impaired.

The problem could be solved at once—by cutting out most *foreign aid and military expenditures abroad*. The dollar would be again in "short supply" on the world markets instead of floating about in excessive quantities. But the Administration insists on increasing foreign aid; and there is scant prospect of reducing military outlays.

Under these circumstances, it is imperative that fiscal and central bank policies should follow the common sense direction to avoid a crisis — ultimately the choice between a calamitous devaluation (inflation!) and a massive deflation. The answer is *fiscal restraint and monetary discipline*.

That is what the U. S. has to face in the coming months, and beyond. Accordingly, no fresh boom can be permitted to develop —unless for a short while to feed the presidential campaign. The budget must be balanced, or overbalanced, even if it takes higher taxes (as it does). The central bank must refrain from expanding the currency base by debt monetization in major volume.

In short, a substantial upturn of business may possibly come about in the near future, but it is bound to be very short-lived. The natural forces of the market place work the other way and capital expenditures are likely to be deferred to a large extent. The authorities are set against the resurgence of excessive debt expansion, indiscriminately rising costs, inflationary price movements, and similar phenomena that might jeopardize international confidence in the national currency. To maintain it, something akin to the present condition—"a deflated boom," leading into a more or less prolonged recession — must and presumably will obtain, even if briefly interrupted in the course of 1960 by an ephemeral outburst of speculative enthusiasm.

*Another source of funds, or a substitute, was the "more efficient use" made of them—higher velocity of money circulation.

William St. Sales, Appoints Dunn

Vincent P. Dunn has been appointed Regional Sales Manager in the New England and Upper New York State area for William Street Sales, Inc., Edward B. Burr, President, announced. William Street Sales, Inc., is national underwriter for The One William Street Fund, Inc., and Scudder Fund of Canada, Ltd.

Mr. Dunn is a member of the Massachusetts Bar and joined the William Street regional representative staff in 1958 following many years in the investment business, first with Kidder Peabody & Co. and later with Lee Higginson & Co. Originally assigned to the New England territory as regional representative, he was most recently instrumental in organizing the firm's regional sales activities in the metropolitan New York area.

Returning to Boston as Regional Sales Manager, Mr. Dunn will maintain offices in 79 Milk Street and will service investment dealers, brokers and salesmen in all New England States along with all of New York State north of Westchester County.

Form Malone, McFarland

WASHINGTON, D. C.—Malone, McFarland & Co. has been formed with offices at 201 Pennsylvania Avenue, S. E. Partners are Eugene J. Malone and Joseph W. McFarland.

Trade and Investment Policies for a Free World

Continued from page 15

in Paris, which Mr. Dillon attended, where this matter was discussed. I don't want to go over the old and somewhat controversial history of our European negotiations, but I do want to explain the view which we in the United Kingdom, and indeed all our friends in the so-called Outer Seven, the E.F.T.A., hold on these matters.

We believe that the formation of the E.E.C. by the six Treaty of Rome Powers was a remarkable achievement. We believe that it will greatly strengthen them, both economically and politically, and what strengthens our friends strengthens us. Therefore, we welcome their achievement. But we have always felt that their achievement could be marred if the establishment of the Community should lead to a division within Europe and to a new wave of protectionism. Hence the proposal for a European Free Trade Area embracing all members of the O.E.E.C. which we attempted to negotiate in 1957 and 1958. Had this been realized it would have meant the creation of a single market of 250 m. or 300 m. people within which there would have been throughout the field of industries and manufactures no barriers of quota or tariff. It would also have meant, in my submission, a group which by its nature would have been of a liberal, outward-looking character concerned, in the terms of the Haberler Report, more with the creation of trade than the diversion of trade.

But the attempt to set up a European Free Trade Area failed. What was to be done? We could not leave matters there. For various good and sound reasons, we in the United Kingdom and our friends of the Seven could not join the Community and even if we had been able to apply for membership, I do not believe that the Community could in practice have embraced us without frustrating their own development. Yet it was necessary to prevent a disruption of the Western European economy and a spread of bilateral agreements between the Six and individual European countries, which would have undermined the O.E.E.C. and even done damage to the G.A.T.T. We felt, moreover, that it was necessary to establish urgently a new and satisfactory basis for the negotiation of a Pan-European solution. This was the origin of the Outer Seven, an association of seven countries who, like the Six, will abolish all barriers to trade amongst themselves but who, unlike the Six, will retain autonomy so far as their individual external tariffs are concerned. The Outer Seven is indeed a Free Trade Area (which, incidentally, shows that it is perfectly possible technically to negotiate a Free Trade Area if people really want to do so).

Solving the Six and Seven Division

We think now that the urgent problem is to reach an agreement between the Seven and the Six. This must mean, in order to conform with the G.A.T.T., an association between the Six and the Seven to form a single market. It does not mean that the two groups will have to merge. It certainly does not involve any threat whatever to the political development of the Six. But what it does mean is the avoidance of economic division in Europe, and this we believe to be fundamental to the European political unity that has been developing so strongly since the O.E.E.C. was formed with much generous U. S. support. It is because we attach such overriding importance to this political and economic unity, not only in our own interests but in your interests and in the interests of the entire free world, that we regard a solution to the problem of the Six and the Seven as one of urgency. The early January meeting in Paris confirmed this view.

It is sometimes suggested that a solution of this kind, an association between the Six and the Seven creating a single market between them, would be to the disadvantage of the United States. I should like to argue strongly to the contrary. Both these groups will in future trade freely among themselves while charging duties on American goods. This is certainly a form of tariff discrimination, but it is a form of discrimination which is expressly permitted by the G.A.T.T. If the two groups form a single market the area of discrimination will not by definition be widened. But it is argued that the **degree** of it might in practice be accentuated, that you would find more trouble in selling your goods to one market comprising the two groups than you would in the two separate markets. I am not sure that this is so, but in any case there are strong arguments on the other side. In the first place, an agreement between the Six and the Seven would lead to a vigorous expansion of the European economy and so to a large expansion of total demand, both for home products and imports. Secondly, it has been pointed out to me recently that the income from your overseas investment is playing an increasingly important part in your balance of payments. Europe, I am glad to see, is an area of the world that is increasingly attracting American business capital. Your businessmen who come to Europe will want to have the biggest possible market in which their investment can bear fruit and so help to sustain your balance of payments. Thirdly, I suggest that in the long run it is more likely that the general level of European tariffs against United States goods will be brought down if there is a European agreement. Take the precedent of quotas. In the O.E.E.C. we proceeded to abolish quotas amongst ourselves while discriminating against you. As a result of this process, we have grown strong enough to be able to abolish our quotas on your goods. Without the O.E.E.C. liberalization system, which admittedly was discriminatory against you, we should not have reached the position of strength we have today and we should not have been able to open our market to your goods. The same thing will apply, I am sure, to tariffs. The Six and the Seven in their separate groups are going to abolish tariffs amongst themselves. We say the objective must be to abolish tariffs throughout Europe. We should like to include you and Canada in such a system. That of course is a matter for you to decide and I know the difficulties. But in the meantime I am sure you would not claim that we in Europe should halt our own progress. If we go ahead then by strengthening our own economies we shall once again be hastening the time when we can further expand our trade with you. In other words, I do not think it is good for us or for you that the pace of the removal of tariff barriers in Europe should be tied to the pace at which you can agree to remove trade barriers between you and us.

Finally, I would stress the importance to you of the political unity of Europe. Whether or not you are convinced by my arguments on the economic side—and I sincerely hope you are—the political dangers of a divided Europe in times like these are surely overwhelming. You need Europe to be strong just as we need you to be strong, and we can only be strong if we are united. As Mr. Dillon said in Paris last week, the trade problems of W. Europe could lead to political and economic frictions within Europe which might weaken the cohesion of the Free World. We can only be politically united if we are united in terms of trade.

Forthcoming G.A.T.T. Negotiations

I have been talking so far about the regional groups of the United States, the Commonwealth and Europe. I would like to finish what I have to say on this subject by a word or two in the context of the G.A.T.T. and the forthcoming G.A.T.T. negotiations.

The United Kingdom Government and all the Commonwealth Governments attach the highest importance to the maintenance of the authority of the G.A.T.T. This provides a system of trade rules within which world trade can flourish and expand. Of course it is not perfect. What human institution is? And of course we all feel from time to time that we are impeded by the rules while the other chap seems to get away with it. But the fact is the G.A.T.T. works very effectively, and if it were to break down there would be rapidly a recrudescence of trade discrimination, quotas, and restrictive and disruptive trade practices throughout the world which would inevitably reduce both the total volume of world trade and the opportunities for traders in every country. Therefore, until we can think of something better to put in its place, I suggest that we should all strongly support the maintenance of the G.A.T.T.

One of the main activities of the G.A.T.T. has been regular meetings for the multilateral negotiation of tariff reductions. Over the years I think these have undoubtedly been fairly successful. The next negotiation that will start in the autumn of this year will be particularly significant. The U. S. Administration, on whom really so much depends in these matters, has made it clear that they intend to enter these negotiations with the determination to achieve a really substantial reduction of trade barriers provided they can obtain fair reciprocity. I can assure you that we in the United Kingdom, will enter the negotiations in the same spirit. I is clear, too, from their published statements that the six Treaty of Rome Countries have the same intention, and in particular that they will bargain not about their individual national tariffs alone, for these are now transient matters, but about the future level of their common tariff, which is what really matters. On this basis we should be able to have a useful multilateral negotiation that will contribute to the trade policies of the free world as a whole.

I have been talking so far about the means whereby we may strengthen our own economies, both by our internal policies and by the reduction of trade barriers amongst ourselves and the creation of new and wider markets, and within which we can obtain the full benefits of modern science and technology deployed on a massive scale. I suggested earlier that our motives in this will be two-fold; partly to increase the prosperity of our own peoples and partly to increase our ability to assist other peoples throughout the world whose standards of living are so far below our own, I would like, if I may, to turn now to this problem.

Aiding Underdeveloped Countries

First, we must consider the question of aid in the under-developed territories. You in the United States have produced over recent years an act of quite unprecedented generosity in the vast sums you have poured out to help people less fortunate than yourself. As for us in the United Kingdom, while our aid has been more modest in absolute terms, I believe that relative to our resources we can claim to have done our duty.

We have steadily increased our provision of aid as our own position has improved. While maintaining a steady flow of private investment capital, the supply of government funds to under-developed countries has doubled since 1957. It is now at $500 million a year, which may be related to our G.N.P. of about $65 billion, which is only about one-eighth of yours. We have given warm support to the proposal to set up the International Development Association as well as contributing our share to the doubling of the capital of the International Bank for Reconstruction and Development. We were very happy to support Mr. Dillon last week in Paris in his new proposal for coordinating aid policies.

But aid alone is not enough. This, I am sure, all of us in the industrialized countries must never forget. We have been told, it is true, on the highest authority, that it is more blessed to give than to receive, but in this context it is useless to give unless you are prepared to receive as well. By this I mean that we will never solve the problem of the under-developed countries unless, in addition to helping them to develop their economies, we are also prepared to buy the products of these economies, as they expand. People like to feel that they are standing on their own feet, though they welcome help in the process. What they do not like is to be denied an outlet for the products of their own labor and then to be offered charity in exchange and be expected to be grateful for it. Whether or not this is ethically justifiable it seems to me a plain fact of human nature. We all wish to see the under-developed countries increase their living standards and this must mean increased industrialization.

A Realistic View of Competition

Increased industrialization means that they will have more manufactured goods to sell and that means we should buy more manufactured goods from them. Surely this is an inevitable and a welcome process. It is the sum of the wealth in the world that matters. The more these countries industrialize the greater their prosperity per head, the greater their purchasing power and thereby the greater market they offer for our goods. But of course it does mean acute problems of adjustment. As our overseas customers increase their production of simple textiles, of crude steel, of cement, even of motor vehicles, pots and pans and other manufactured products, so we must adapt ourselves to this situation by increased development of the more complicated, and the more sophisticated products. In this we can help to maintain our own prosperity and create the conditions that others can prosper too.

The real problem is the speed at which this occurs and the need for time to adjust. I think the word that is applied to very low cost competition is disruptive. "Disruptive" means, as I understand it, the sort of expansion of trade which destroys or seriously damages an industry without giving it time to re-adjust. We shall have to make very big adjustments in our economies in industrialized countries over the coming years to allow for more imports from the countries which are now traditional exporters of primary products, and transfer our skill, our capital and our labor force to other and more highly developed forms of production. If we are faced with a change that is too rapid it can do untold damage, but if, on the other hand, we are timid or slothful and ask for too long to make the adjustment and really seek under the guise of adjustment the perpetuation of protection for our threatened industries, then equally in the long run the result, economic and political, is bound to be disastrous. This is one of the major problems facing the industrialized countries: I cannot pretend that I can, as yet, see the solution to it, though I think the principles on which we must seek the solution are clear, and it is equally clear that it is a matter on which you and we, with many of our friends and colleagues throughout the world, must work closely and constantly together.

This then is my thesis. We must be strong, to help ourselves and to help others. To be strong we, who are free, must use freedom to the utmost. Freedom to expand without our own economies, freedom to trade with one another. The resources of dictatorship are great, and fully exploited. Our only answer and it will succeed—is to exploit the resources of freedom.

*An address by Mr. Maudling before the Economic Club of New York, New York City.

Baugh & Berl Join Staff of Drexel Co.

PHILADELPHIA, Pa.—Drexel & Co., 1500 Walnut Street, members of the New York and Philadelphia-Baltimore Stock Exchanges, announce that William S. Baugh and E. Ennalls Berl, II, are now associated with the firm. Mr. Baugh has been active in the investment securities business for the past five years and prior to joining Drexel & Co. he was associated with DeHaven & Townsend; Crouter & Bodine, and Woodcock, Hess, Moyer & Co., Inc.

Mr. Berl, who has been in the securities business for several years, was formerly associated with the Philadelphia and New York office of Auchincloss, Parker & Redpath.

Leibert, Partner in William H. Joyce Co.

Kenneth V. Leibert has been admitted to partnership with William H. Joyce in William H. Joyce Co., 29 Broadway, New York City. Mr. Leibert has been associated with the firm as trader.

Citizens Guarantee

ST. PETERSBURG, Fla.—Citizens Guarantee Mortgage Co., Inc. is engaging in a securities business from offices at 5034 Central Ave. Officers are Jack Talkoff, President; Louis A. Marks, Vice-President and Treasurer; and Louis Javits, Secretary.

Consolidated Investors

HONOLULU, Hawaii — Consolidated Investors, Inc. is engaging in a securities business from offices at 1053 Bishop Street. Officers are George Alama, Jr., President; James Y. Nakamura, Vice-President; and Bernard S. Kuwahara, Secretary.

Joseph Mandell in N. Y. C.

Joseph Mandell Co. is now engaging in the investment business from offices at 640 Fifth Avenue, New York City. The firm was formerly located in Waldwick, N. J.

Mortgage Money Situation Now and Tomorrow

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adjusted annual rate of starts has been declining. Granted that 1959 was a record year in terms of residential building (and therefore a great volume of mortgage funds were utilized) during the period in which housing demand was slackening, interest rates were increasing. The causal relationship seems, therefore, to have moved in the reverse direction; i. e., housing starts declined and are declining because interest rates are rising. In other words, the scarcity of mortgage funds is not caused by an inordinate increase in the demand for funds to finance single-family ownership. Rather, it is caused by a general competition for funds for other purposes, and clearly the competition for funds in the next six months is going to be conditioned on what happens in these other markets.

It is belaboring the obvious to point out that the amount of money for mortgage lending depends upon the total supply of money available for investment in the economy and the demands for those funds. Basically, savings are used to finance industrial plant and equipment expansion, state and local government expenditures, some consumer durables, some Federal Government expenditures, inventories and housing. What happened in these areas early in 1959? First and perhaps foremost, there was a substantial demand for capital for plant and equipment and general business operations. Clearly much of the boom in early 1959 was stimulated by the tremendous volume of inventory accumulation, particularly because of the fears — and well-justified ones they turned out to be—of a steel strike. In addition, many firms went to the market for funds to finance plant expansion. This expansion was matched by a similar extension of consumer credit to finance purchase of durables. State and local expenditures were at a new high, and, of course, there was an active demand for mortgage funds. In a few words, the demands to finance growth of the economy were greater than the savings generated in the economy to finance growth and rates started to rise.

The entire situation was accentuated by the situation within which the Federal Government found itself. Congress refused to raise the permissible rate on long-term government bonds, and, therefore, the Treasury was forced to finance some of its operations with short-term bills. As is well-known, $2.2 billion of these offerings were taken by individuals—many of whom transferred funds out of institutions which would have placed the money in the mortgage market — thus cutting the supply of funds available for mortgage lending.

Assumes Congress Will Lift Interest Rate Ceiling

In analyzing the future competition for funds, it is necessary to look at these forces to see how they will act. First, it is reasonable and likely that Congress will raise the ceiling on government bond rates which will take the Treasury out of the market and thereby relieve this temporary drain on funds. Much more significantly, there is hope that the government will operate on a balanced budget which should limit government borrowing of all types and thereby lessen the demand for funds. On the other hand, there will be a build-up of the inventories reduced by the steel strike and some general business expansion which will keep the demand for funds heavy, and there is little evidence of a slackening of state and local government expenditures. Finally, it looks as if 1960 is going to be a year in which automobile sales are high and, therefore consumer debt will increase. However, on balance, in terms of general competition for the pool of funds made available for lending, there should be less competition by the latter part of 1960 than is being felt at present. With respect to the money available for mortgage lending, there will be sharp competition for different types of financing—repair, commercial and industrial, homebuilding, etc.

This of course is only one side of the picture. The availability of funds is equally important. If there is a huge supply, then changes in demand are not particularly relevant. Consequently, it is important to consider conditions influencing the supply of savings. This is not an easy question and indeed it lies at the center of a great debate among American economists today. The question is a very broad one, but its solution is essential to the future of the American economy. It is relatively clear that the amount of investment in the economy, in very general terms, is equal to the amount of savings. It is also true that the amount of investment, again in general terms, determines the rate at which the economy grows. Finally, it is true that the amount of savings is conditioned by levels of income, probably more than any other single factor.

Given these general observations, there is a large group of economists throughout the nation which claim the economy is growing too slowly in relation to population expansion, public needs, and various other criteria. Their solution is to encourage government investment which in reality means deficit financing, that is an unbalanced budget and inevitably an increase in the supply of money. But this of course means, under present conditions, more inflation. The argument is that with greater investment, the economy will be stimulated and more opportunities will be created for employment and development.

Firmly opposed to this view are those who argue that inflation has the great disadvantage, that it cuts into savings and thereby reduces the amount of money available for investment and therefore defeats the very purpose for which it is advocated.

The facts on the situation are not completely clear. During the past decade—which must be characterized as one of some inflation—savings in fact have increased substantially. However, none say whether they would have increased more if we had not some deficit financing and general inflation. The great challenge is to get growth without inflation.

Inflation Reduces Real Housing Expansion

One thing is certainly true. Because of inflation, there has been a greater need for money to finance housing expansion. As has been pointed out, while the net amount of money that has been invested in mortgages since 1955 is 50% greater than the amount during the period 1950-54, this greater amount has financed only 15 to 20% more transactions. As one author, Robert Fisher, has pointed out, . . . "for every 100 transactions financed under the terms prevailing in the first half of 1959, about 164 transactions or two-thirds more, could conceivably have been financed if terms and prices had not changed since 1950." Think how much easier the mortgage market would be today if terms and prices had been held to the 1950-1954 situation. As much financing could have been done for $7.7 billion as with $12.6 billion.

Consequently, it is not clear that increased government investment, with increased inflation, will indeed lead to more growth and development. In fact, it may well be the reverse.

It seems reasonable to suppose that the economy will enjoy continued growth during the next year. If this is true, then the other factor which will affect the supply of money available for mortgage lending—in addition to alternative rates of interest on other investment — will be the activity of particular types of institutions.

Basic Sources of Funds

The basic sources of funds for mortgage lending are savings and loan associations, life insurance companies, and commercial banks and mutual savings banks. The extent to which these institutions are able to increase their supply of funds available for investment and are willing to invest their resources in mortgages will greatly determine the amount of competition in the mortgage market in the next few months.

Savings and loan associations have been experiencing tremendous growth during the past decade. Between 1950 and 1960, it is anticipated that they will increase their holdings of residential debt from $13.4 billion to $56.1 billion or some $43 billion — more than 350% increase. As a result, they have increased their proportion of all institutionally held mortgage debt from 32% in 1950 to an estimated current 43%.

The extent to which savings and loan associations will participate in the mortgage market in 1960 depends on their ability to attract savings. In this regard, 1959 was a banner year, and it is likely that 1960 will be better. At the end of 1959, personal income was at an all time high — over $385 billion — and the first reports indicate that individuals placed a lot of this money into savings and loan associations. The investment period of January, 1960, was an exceedingly good one for savings and loan associations. In addition, the amortized loan and prepayments provide funds for investment purposes, so on balance it appears as if savings and loan associations will have more funds to place in the market in 1960 than in 1959. This is a positive factor in reducing the general tightness of the money market.

On the other hand, savings and loan associations are only a part of the picture. What about life insurance companies? In 1950, life insurance companies held about $11.1 billion of mortgage debt, but by 1960, holdings had increased to $31.8 billion or by some $20 billion—almost 200%. As a percentage of all residential debt outstanding held by lending institutions, however, the proportion declined from 26% in 1950, to 24% in 1960. This occurred in spite of the fact that life insurance companies have been increasing the proportion of their total assets that they invest in mortgages. The decision, of course, on the part of life insurance company managers as to whether or not to make mortgage loans depends upon many factors, not the least of which is alternative possibilities of earnings. As the mortgage rate increases, the attractiveness of mortgage investments as opposed to other types of return also increases and with the general high rate currently prevailing, it would appear that life insurance companies will be directing more of their funds into the mortgage market.

Commercial banks are somewhat more difficult to analyze. There are so many different policy positions taken by different banks that it is almost impossible to generalize about their operations. However, from all evidence that is available, it appears that the commercial banks are going to become more aggressive in the mortgage lending field. While banks increased their holdings of mortgage debt by $10 billion between 1950 and 1960, their proportion of all institutional residential mortgage debt outstanding declined from 24.8% to 15.9. Many bankers claim they are out to recapture their position. Whether they will or not depends of course on many factors, not the least of which is the rate on alternative investment opportunities.

Finally, the mutual savings banks have shown a steady and substantial increase in their holdings of residential mortgage debt —from $7 billion in 1950, to $21 billion in 1960. Their proportion of the market remained about the same, when shares are measured in terms of debt outstanding. Aggressive action on the part of such banks would indicate that they are interested in maintaining their share and indeed increasing it.

Supply Will Increase and So Will Demand

All these factors would seem to indicate that every type of major institutional mortgage lender is preparing to make more mortgage loans. As a result, it would seem logical that the supply of funds will increase and therefore rates will be reduced.

On the other hand, even though the supply increases, the demand for mortgage funds to finance residential construction is also certain to increase. A recent estimate, based upon an assumption of an average annual volume of residential construction of 1,350,000 units during a year during the 1960's suggests that total mortgage debt outstanding in 1970, will be $310 billion, and that the average increase in total debt outstanding will be $15.3 billion annually during the next decade compared to an average annual increase of $10.4 billion during the past ten years. To finance this great increase, it is envisaged that assets of savings and loan associations by 1970 will be $165 billion, of life insurance companies $190 billion, commercial banks over $414 billion and mutual savings banks approximately $58 billion. This implies a threefold growth of savings and loan associations, and a 75% increase in life insurance and commercial banks and mutual savings bank assets.

If we assume for the sake of argument that these figures are reasonably correct, then the pattern for mortgage interest rates is certain to remain high in the 1960's when compared to the pattern of the late 1940's and early 1950's. If savings and loan associations supply such a large volume of funds, they will have to pay rising rates for savings and this in turn will keep interest rates high. The only possibility for lower rates is for other institutions to place more of their assets into mortgages, but with an expanding economy and a substantial alternative opportunity for investment, it is doubtful that they will. The 1960's will continue to be a period of high interest rates for mortgage money.

In summary, it appears that the current mortgage money situation will improve in the latter part of the year — money will be more available — although rates will probably be about the same. But the pattern for the decade is continuing rising mortgage interest rates and general difficulty in obtaining funds to finance all the residential construction that is proposed.

*An address by Dr. Gillies before the 5th Annual Southwestern Senior Executives Conference, co-sponsored by MBA and Southern Methodist University, Dallas, Texas.

Philip Ivers Opens

Philip Ivers is conducting a securities business from offices at 75 West 190th Street, New York City.

$100 Million California Bonds Placed on Market

The Bank of America N. T. & S. A. underwriting syndicate on March 9, merged with a Bankers Trust Co. syndicate to purchase $100 million State of California State Construction Program Bonds and Veteran Bonds. The merged syndicate is managed by Bank of America, with Bankers Trust Co. acting as joint manager. Major members of the merged syndicate include The First National City Bank of New York, The Chase Manhattan Bank, First National Bank of Chicago and Morgan Guaranty Trust Co. of New York.

For the $50 million State Construction Program Bonds, the merged syndicate paid a premium of $4,209 for a combination of 5%, 4½%, 3½%, 3¾% and 4% bonds, or a net interest cost to the state of 3.9447%. This compared with a net interest cost of 4.018% on the Construction Program Bonds sold on Jan. 13, 1960. The dollar bid on today's sale was 100.008.

For the $50 million Veteran Bonds, the merged syndicate paid a premium of $24,609 for a combination of 5%, 3½%, 3¾% and 4% bonds, or a net interest cost to the state of 3.9524%. This compared with the net interest cost of 4.019% on the Veteran Bonds sold on Jan. 13, 1960. The dollar bid at today's sale was 100.049.

The State Construction Program Bonds are being reoffered to investors on a scale to yield from 2.75%, out to a dollar price of 100¾ on the 4% bonds, according to maturity June 1, 1961-1985. The Veteran Bonds are being reoffered at prices to yield from 2.90% out to a dollar price of 100¾ on the 4% bonds according to maturity April 1, 1962-1986.

Other members of the offering syndicate include:

Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corporation; Harriman Ripley & Co. Incorporated; Harris Trust and Savings Bank; Smith, Barney & Co.; Lehman Brothers; American Trust Company, San Francisco; Security First National Bank.

California Bank, Los Angeles; Drexel & Co.; Glore, Forgan & Co.; Chemical Bank New York Trust Company; C. J. Devine & Co.; Continental Illinois National Bank and Trust Company of Chicago; The Northern Trust Company; R. H. Moulton & Company; Goldman, Sachs & Co.; Kidder, Peabody & Co.

Eastman Dillon, Union Securities & Co.; Bear, Stearns & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; Dean Witter & Co.; White, Weld & Co.; Blair & Co., Inc.; Weeden & Co., Inc.; The First National Bank of Boston; The First National Bank of Oregon; The Philadelphia National Bank;

Seattle-First National Bank; Equitable Securities Corp.; Stone & Webster Securities Corp.; Phelps, Fenn & Co.; Salomon Bros. & Hutzler; R. W. Pressprich & Co.; Paine, Webber, Jackson & Curtis;

Mercantile Trust Co.; Lazard Freres & Co.; Shields & Co.; Reynolds & Co.; Crocker-Anglo National Bank; J. Barth & Co.; Ladenburg, Thalmann & Co.; John Nuveen & Co., Inc. and William R. Staats & Co.

Form Inv. Securities

GREENWOOD, S. C.—Investment Securities Corporation is engaging in a securities business from offices in the Grier Building. Officers are James B. Thomas, President and Treasurer; and Emmett I. Davis, Vice-President and Secretary.

STATE OF TRADE AND INDUSTRY

Continued from page 4

have to gear their operations to the rate of orders. When that time comes, the national metalworking weekly comments, operating rates will fall into the low 80's (per cent of capacity).

As is looks now, steel operations may continue in the 90's through April. But in May and June, the rate may run in the low 80's or even dip lower, the magazine says.

During this period, the rate of operations will vary between companies as competition stiffens. This will depend on proximity to the markets, customers relations, and product mix.

"The Iron Age" reports that strict inventory control is already a fact. Momentum will carry inventory buildup into the second quarter. But, like most earlier predictions, the estimate of inventory buildup is turning out to be much lower than expected.

The new wave of cancellations is centered in the auto industry as plants are cutting out overtime, and in some cases, closing up for short periods while dealer inventories are brought into balance.

The magazine points out that the steel industry is now feeling the effects of the new small cars on steel demand. The compacts are now taking 20 to 25% of the total market, and some estimates indicate a compact takes possibly 800 pounds less steel than a larger model. Projected over the year, this means a sizable loss of steel on paper.

Another short-term factor hitting the market is the weather. Unseasonable cold and blizzards throughout much of the nation have hit auto and other consumer durables sales in addition to lowering industrial activity generally.

Imported steel is also having an impact on the market. Orders for foreign steel can not be cancelled or deferred. Deliveries of imported steel reached their peak at the critical time and are hurting the domestic market more than total tonnage would indicate.

Another market indicator is the fact that semi-finished and other low profit steel products are now readily available. This means that orders for higher-profit finished products are not coming up to expectations and mills are willing, even eager, to move low profit items.

Sees Construction Industry Bolstering Steel Operations

A seasonal upturn in the construction industry will bolster the steel market, "Steel," the metalworking weekly, reported.

As good weather approaches, structural fabricators are starting to book jobs at a faster rate. Inquiries are more numerous, and the trend is toward larger tonnages.

Since the construction industry traditionally takes about 14% of finished steel shipments, a seasonal upturn in that field will help materially to offset the automotive industry's slow start. The automakers account for about 19% of the steel that is shipped each year.

As far as automotive needs go, steelmakers may have another problem if the Falcon, Convair, and Valiant are being sold at the expense of the Ford, Chevrolet, and Plymouth. Three compacts use no more steel than two cars of regular size.

"Steel" now expects second quarter steelmaking operations to average 85% of capacity with an output of 31 million ingot tons; third quarter, 70%, 26 million; and fourth quarter, 80%, 30 million. For the year, it predicts an 82% rate and record output of 122 million tons.

If construction demand is good, operations may not drop as low as 70% in the third quarter. Chances for an upturn in the fourth depend on the success of the 1961 autos and the realization of capital spending plans.

Last week, steelworks operations were at 93.1% of capacity, 1.3 points below the previous week's revised rate. Output: About 2,654,000 ingot tons.

"Steel's" composite on No. 1 heavy melting grade of scrap dropped $1.17 a gross ton to $35. A year ago, it was $42.33. The current sharp drop in scrap prices reflects: 1. Record high inventories. 2. The outlook for lower steel operations in the second and third quarters of 1960.

The shortage of pig iron capacity in the immediate postwar period drove scrap prices to an abnormally high level. With pig iron in good supply, scrap is now seeking a more normal price level.

Foreign countries have taken one-third of the job of supplying the U. S. with iron ore, "Steel" reported. At World War II's end, the U. S. was self-sufficient.

Imports are gaining because iron ore is becoming a scarcer natural resource in the U. S., and it's cheaper to mine ore and transport it at the lower wage rates in foreign countries and in foreign ships than it is to pay the U. S. rates. (A deckhand on a U. S. ore boat is paid more than a captain on a foreign ore vessel.)

Our 1960 ore requirements are expected to be at a record high of 135 million gross tons—33 to 35% are expected to be imports. The previous import record was last year's 36.5 million tons.

This Week's Steel Output Based On 92.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *164.8% of steel capacity for the week beginning March 7, equivalent to 2,647,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *164.7% and 2,645,000 in the week beginning Feb. 29.

Actual output for the week beginning Feb. 29 was equal to 92.8% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity, is 92.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *167.3% and production 2,687,000 tons. A year ago the actual weekly production was placed at 2,604,000 tons, or *162.1%.

*Index of production is based on average weekly production for 1947-49.

Foul Weather Helped Curb Auto Production

Idling thousands of workers, heavy snows last week all but paralyzed eastern U. S. auto output, and may cost the industry production of 10,000 to 15,000 cars and trucks for the period ended March 5.

"Ward's Automotive Reports" placed the week's U. S. projections at a perhaps conservative 145,234 cars and 28,086 trucks for a combined 173,320 that ran 6.4% under the previous week and may skid further when the final production toll is counted.

"Ward's" said some auto plants in the east and in the south are virtually snow-bound under 12 to 20 inches of "white" and others made a brief attempt at operation on March 4 but closed because of a lack of manpower.

The statistical agency said the industry faces further close-downs in the current week in the drive to balance production with dealer inventories. To be idled is Ford passenger car production at Mahwah, N. J. In addition, Chrysler Corp., effective Monday, March 7, will adjust its Detroit-area operations at the Plymouth assembly plant, affecting about 2,000 out of 5,800 workers, and at its Chrysler Division Jefferson Avenue plant, affecting 1,950 out of 6,200.

"Ward's" however, added that Chrysler Corp.'s U. S. automobile production schedules for March exceed February when 108,592 cars were built due to increased production of Valiant and Dart automobiles.

In a roundup of snow-hit assembly plants, "Ward's" listed Plymouth and Dodge operations at St. Louis and Newark, Buick-Oldsmobile-Pontiac at Atlanta, Chevrolet at Atlanta, Tarrytown, St. Louis, and Baltimore, and Ford at eight plants as idled part of or all day on March 3. It added that Chevrolet worked one hour the following day at Atlanta but closed for lack of manpower at the neighboring Fisher Body plant. At Tarrytown and Kansas City it did not work the first shift, and also is idle at Framingham, Mass.

Other shutdowns include Plymouth-Dodge assembly at Newark, Del., and Buick-Oldsmobile-Pontiac output at Kansas City, Wilmington and Linden.

Meanwhile, S.P Corp. pursued a scheduled close-down March 4 at South Bend to balance dealer stocks, and Plymouth Detroit worked a three-day week, being inactive on Feb. 29 and March 1.

Electric Output 10.2% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 5, was estimated at 14,262,000,000 kwh., according to the Edison Electric Institute. Output was 170,000,000 kwh. above that of the previous week's total of 14,092,000,000 kwh. but showed a gain of 1,317,000,000 kwh., or 10.2% above that of the comparable 1959 week.

Carloadings Fall 3.9% Below Corresponding 1959 Week

Loading of revenue freight for the week ended Feb. 27, 1960, totaled 553,153 cars, the Association of American Railroads announced. This was a decrease of 22,181 cars or 3.9% below the corresponding week in 1959 and an increase of 1,961 cars or 0.4% above the corresponding week in 1958. The Washington's Birthday Holiday fell in both the 1960 and 1959 weeks but not in the 1958 week.

Loadings in the week of Feb. 27, were 18,472 cars or 3.2% below the preceding week.

There were 10,719 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Feb. 20, 1960 (which were included in that week's over-all total). This was an increase of 3,896 cars or 57.1% above the corresponding week of 1959 and 6,479 cars or 152.8% above the 1958 week. Cumulative loadings for the first seven weeks of 1960 totaled 69,870 for an increase of 23,028 cars or 49.2% above the corresponding period of 1959, and 38,755 cars or 124.6% above the corresponding period in 1958.

Lumber Shipments 5.40% Below 1959 Week

Lumber shipments of 465 mills reporting to the National Lumber Trade Barometer were 6.3% below production during the week ended Feb. 27, 1960. In the same week new orders of these mills were 7.7% below production. Unfilled orders of reporting mills amounted to 36% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 20 days' production at the current rate, and gross stocks were equivalent to 51 day's production.

For the year-to-date, shipments of reporting identical mills were 7.1% below production; new orders were 8.4% below production.

Compared with the previous week ended Feb. 20, 1960, production of reporting mills was 1.2% above; shipments were 6.9% above; new orders were 4.2% below. Compared with the corresponding week in 1959, production or reporting mills was 6.1% above; *shipments were 5.4% below;* and new orders were 3.7% below.

Business Failures Rise in Week Ended March 3

Commercial and industrial failures rebounded to 299 in the week ended March 3 from 277 in the preceding week, reported Dun & Bradstreet, Inc. While casualties stood at the highest level in three weeks and exceeded the 288 in the similar week of last year, they remained considerably below the toll of 358 in 1958. Eighteen per cent more failures occurred than in the comparable week of prewar 1939 when there were 254.

Casualties with liabilities of $5,000 or more rose to 261 from 250 a week earlier and ranged above the 248 of this size last year. An increase also appeared among small failures, those involving liabilities under $5,000, which were up to 38 from 27, but did not reach their 1959 level of 40. Liabilities exceeded $100,000 for 35 of the failing businesses as against 27 in the preceding week.

Wholesale Food Price Index Moves Up Fractionally

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rose fractionally this week. On March 1 it stood at $5.81, for an increase of 0.5% from the prior week's $5.78, but it was 4.9% below the $6.11 of the corresponding date a year ago.

Commodities quoted higher in wholesale cost this week were corn, oats, beef, hams, currants, and hogs. Lower in price were flour, rye, barley, lard, sugar, milk, cocoa, peanuts, potatoes, and raisins.

The Index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Hits Lowest Level Since June 1955

Reflecting lower prices on flour, rubber, tin, and steel scrap, the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., fell to the lowest level since mid-1955. On March 4 it stood at 271.33 (1930-32=100), the lowest point since June 2, 1955 when the Index was 271.28. The level on March 7 of this year was 272.14, compared with 272.24 a week earlier and 277.08 on the corresponding date a year ago.

Most grain prices held steady or were up slightly this week, reflecting limited offerings and unseasonably cold weather in many areas that impeded the movement of grains. Both domestic and export buying of wheat rose appreciably from a week earlier and supplies were down; this resulted in a moderate increase in prices. In contrast, there was a marked dip in rye prices as trading lagged.

A substantial rise in corn prices occurred as buying picked up and offerings were reduced. Oats prices remained close to the preceding week. There was a slight increase in soybean prices, reflecting a ries in transactions and a decline in supplies in most markets.

Despite an appreciable rise in the domestic buying of flour, prices were down somewhat from a week earlier. Trading in sugar picked up moderately at the end of the week, and prices advanced fractionally.

While buying was steady and supplies were down somewhat, rice prices were unchanged from a week earlier. There was a moderate dip in coffee transactions and prices remained close to the prior week. With supplies high, cocoa prices decreased somewhat and buying was sluggish.

Wholesalers reported a moderate increase in hog prices during the week, and purchases were sustained at high levels; there was a slight rise in the salable supply of hogs at Chicago. Steer prices were down somewhat as volume slackened; cattle supplies were up fractionally. An appreciable rise occurred in lamb prices and buying was steady.

Prices on the New York Cotton Exchange moved within a narrow range and finished close to a week earlier. United States exports of cotton in the week ended last Tuesday came to about 360,000 bushels, compared with 203,000 a week earlier and 40,000 in the similar week last year. For the current season through March 1, exports amounted to about 3,866,000 bales, compared with 1,647,000 in the similar period last year.

Inclement Weather Chills Retail Trade

Consumer buying was curtailed last week by bad shopping weather in many areas holding the total dollar value of retail trade slightly below a year ago. Year-to-year declines in men's and women's apparel offset slight gains in furniture, major appliances, new passenger cars, and linens. Many retailers also attributed some of the decrease in apparel volume to a later Easter this year than in 1959.

The total dollar volume of retail trade in the week ended March 2 was unchanged to 4% below a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: New England +1 to +5; Pacific Coast and Mountain —1 to +3; Middle Atlantic and South Atlantic —2 to +2; West South Central —3 to +1; East South Central —4 to 0; West North Central —7 to —3; East North Central —8 to —4.

While purchases of women's dresses, sportswear, and coats matched those of a year ago, volume in millinery, shoes, and fashion accessories was down holding overall sales appreciably below the similar 1959 week. The buying of men's apparel was down slightly from last year, with declines in suits and coats offsetting gains in furnishings and sportswear. There were slight year-to-year decreases in sales of boys' and girls' clothing.

Appliance dealers reported slight increases from last year in the call for television sets, hi-fi sets, automatic washers and driers, and refrigerators. Furniture sales were slightly higher and moderate gains occurred in floor coverings, draperies, and linens. There were slight gains from both the prior week and a year ago in some areas in the buying of housewares, glassware, and hardware.

Nationwide Department Store Sales Down 7% For Feb. 27 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Feb. 27, 1960, decreased 7% below the like period last year. In the preceding week, for Feb. 20, a decrease of 2% was reported. For the four weeks ended Feb. 27 a 1% decrease was registered over the same period in 1958.

According to the Federal Reserve System department store sales in New York City for the week ended Feb. 27, decreased 3% over the like period last year. In the preceding week ended Feb. 20, sales decreased 3% over the like period last year. For the four weeks ending Feb. 27 a 3% increased was reported over the 1959 period, and from Jan. 1 to Feb. 27 a 5% increase was recorded.

Form Tokunaga Co.

HONOLULU, Hawaii — Paul S. Tokunaga is engaging in a securities business from offices at 1116 Pensacola Street under the firm name of Paul Tokunaga & Company.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Mar. 12	§92.9	*92.8	94.3	92.0
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 12	§2,647,000	*2,645,000	2,687,000	2,604,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 26	7,318,210	7,311,610	7,136,160	7,198,720
Crude runs to stills—daily average (bbls.)	Feb. 26	¶8,108,000	8,081,000	8,149,000	8,236,000
Gasoline output (bbls.)	Feb. 26	28,633,000	28,518,000	27,570,000	27,966,000
Kerosene output (bbls.)	Feb. 26	2,032,000	2,099,000	2,428,000	2,511,000
Distillate fuel oil output (bbls.)	Feb. 26	13,188,000	12,619,000	13,570,000	15,267,000
Residual fuel oil output (bbls.)	Feb. 26	6,980,000	6,785,000	6,884,000	7,483,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 26	215,623,000	212,942,000	203,184,000	207,744,000
Kerosene (bbls.) at	Feb. 26	21,878,000	22,987,000	25,025,000	19,593,000
Distillate fuel oil (bbls.) at	Feb. 26	108,815,000	112,597,000	126,485,000	81,634,000
Residual fuel oil (bbls.) at	Feb. 26	45,299,000	46,421,000	47,929,000	54,582,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 27	553,153	571,625	601,900	573,334
Revenue freight received from connections (no. of cars)	Feb. 27	526,006	541,174	564,863	552,058
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 3	$505,600,000	$307,800,000	$377,400,000	$523,100,000
Private construction	Mar. 3	266,200,000	202,200,000	196,700,000	230,000,000
Public construction	Mar. 3	239,400,000	105,600,000	180,700,000	293,100,000
State and municipal	Mar. 3	202,200,000	90,100,000	158,100,000	181,600,000
Federal	Mar. 3	37,200,000	15,500,000	22,600,000	111,500,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 27	8,315,000	7,400,000	8,920,000	8,551,000
Pennsylvania anthracite (tons)	Feb. 27	370,000	389,000	429,000	425,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 27	110	107	111	118
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 5	14,262,000	14,092,000	14,097,000	12,945,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 3	299	277	318	288
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 1	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Mar. 1	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Mar. 1	$34.50	$37.17	$42.17	$41.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 2	32.675c	32.650c	33.125c	29.750c
Export refinery at	Mar. 2	31.075c	30.825c	33.150c	29.200c
Lead (New York) at	Mar. 2	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	Mar. 2	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	Mar. 2	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	Mar. 2	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	Mar. 2	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Mar. 2	100.750c	101.125c	101.000c	104.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 8	85.12	83.17	83.29	86.17
Average corporate	Mar. 8	84.30	84.04	83.40	90.20
Aaa	Mar. 8	88.67	88.27	87.59	94.41
Aa	Mar. 8	86.38	86.51	85.46	92.93
A	Mar. 8	83.66	83.40	83.03	90.34
Baa	Mar. 8	78.78	78.43	77.97	83.91
Railroad Group	Mar. 8	82.15	81.90	81.42	88.95
Public Utilities Group	Mar. 8	84.30	84.04	83.15	89.92
Industrials Group	Mar. 8	86.38	86.11	85.72	91.91
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 8	4.02	4.24	4.22	3.81
Average corporate	Mar. 8	4.84	4.86	4.91	4.40
Aaa	Mar. 8	4.51	4.54	4.59	4.11
Aa	Mar. 8	4.68	4.67	4.75	4.21
A	Mar. 8	4.89	4.91	4.94	4.39
Baa	Mar. 8	5.29	5.32	5.36	4.87
Railroad Group	Mar. 8	5.01	5.03	5.07	4.49
Public Utilities Group	Mar. 8	4.84	4.86	4.93	4.42
Industrials Group	Mar. 8	4.68	4.70	4.73	4.28
MOODY'S COMMODITY INDEX	Mar. 8	370.8	367.9	377.2	385.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 27	307,798	298,097	326,476	324,109
Production (tons)	Feb. 27	308,026	329,793	325,870	301,751
Percentage of activity	Feb. 27	91	96	97	92
Unfilled orders (tons) at end of period	Feb. 27	441,069	440,962	462,228	423,667
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Mar. 4	110.77	111.12	111.56	110.76
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 12	2,043,210	2,003,090	2,653,060	2,201,040
Short sales	Feb. 12	277,650	341,580	406,010	326,190
Other sales	Feb. 12	1,764,990	1,812,410	2,428,910	1,904,960
Total sales	Feb. 12	2,042,640	2,153,990	2,834,920	2,231,150
Other transactions initiated off the floor—					
Total purchases	Feb. 12	397,150	283,250	541,840	405,880
Short sales	Feb. 12	34,700	84,700	71,745	60,800
Other sales	Feb. 12	340,700	284,420	471,555	355,900
Total sales	Feb. 12	375,400	369,120	543,300	416,700
Other transactions initiated on the floor—					
Total purchases	Feb. 12	704,910	724,455	935,190	645,209
Short sales	Feb. 12	237,170	153,560	133,010	101,470
Other sales	Feb. 12	769,910	723,323	812,315	711,265
Total sales	Feb. 12	1,007,080	876,883	945,325	812,735
Total round-lot transactions for account of members—					
Total purchases	Feb. 12	3,145,270	3,010,795	4,130,090	3,252,129
Short sales	Feb. 12	549,520	579,840	610,765	488,460
Other sales	Feb. 12	2,875,600	2,820,153	3,712,780	2,972,125
Total sales	Feb. 12	3,425,120	3,399,993	4,323,545	3,460,585
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Feb. 12	1,760,240	2,037,091	2,232,054	1,700,754
Dollar value	Feb. 12	$83,328,951	$98,302,082	$110,703,046	$85,178,715
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 12	1,294,343	1,347,468	1,606,078	1,405,371
Customers' short sales	Feb. 12	18,227	15,553	19,125	10,279
Customers' other sales	Feb. 12	1,276,116	1,331,915	1,596,953	1,395,097
Dollar value	Feb. 12	$62,103,373	$65,384,666	$79,334,122	$69,718,840
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 12	274,810	295,720	338,960	370,310
Short sales	Feb. 12	------	------	------	------
Other sales	Feb. 12	274,810	295,720	338,960	370,310
Round-lot purchases by dealers— Number of shares	Feb. 12	733,960	891,630	960,730	657,580
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Feb. 12	777,960	753,950	727,280	646,180
Other sales	Feb. 12	13,032,960	13,651,930	17,860,870	14,784,410
Total sales	Feb. 12	13,810,920	14,405,880	18,588,150	15,430,590
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 1	119.4	119.3	119.2	119.2
Farm products	Mar. 1	87.7	87.3	87.0	90.3
Processed foods	Mar. 1	106.7	105.9	105.4	107.2
Meats	Mar. 1	94.6	9.24	90.5	98.9
All commodities other than farm and foods	Mar. 1	128.5	128.6	128.6	127.6

*Revised figure. ¶Includes 1,100,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Month Latest	Month Previous	Ago Year
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of Jan. (000's omitted)	$961,600	$2,385,300	$873,700
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of January:			
Cotton Seed—			
Received at mills (tons)	165,500	*507,200	147,400
Crushed (tons)	661,300	*675,000	569,800
Stocks (tons) Jan. 31	1,945,400	2,441,200	1,507,400
Cake and Meal—			
Stocks (tons) Jan. 31	131,600	110,400	79,600
Produced (tons)	302,700	311,900	262,100
Stocks (tons)	281,500	314,600	261,000
Hulls—			
Stocks (tons) Jan. 31	69,200	67,500	112,400
Produced (bales)	155,600	*155,800	130,100
Shipped (tons)	153,900	*161,300	130,100
Linters—			
Stocks (bales) Jan. 31	228,700	237,100	317,300
Produced (bales)	198,900	*206,300	168,400
Shipped (bales)	207,300	*196,700	167,500
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of January:			
All manufacturing (production workers)	12,414,000	*12,482,000	11,855,000
Durable goods	7,221,000	*7,186,000	6,739,000
Nondurable goods	5,193,000	*5,296,000	5,116,000
Employment indexes (1947-49 Avge.=100)—			
All manufacturing	101.4	*100.9	95.8
Payroll indexes (1947-49 Average=100)—			
All manufacturing	175.4	*175.3	158.2
Estimated number of employees in manufacturing industries—			
All manufacturing	16,413,000	*16,488,000	15,674,000
Durable goods	9,620,000	*9,583,000	8,990,000
Nondurable goods	6,793,000	*6,905,000	6,684,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of Dec. (000,000's omitted):			
Ordinary	$4,770	$4,224	$4,449
Industrial	527	579	535
Group	2,487	1,275	2,185
Total	$7,784	$6,078	$7,169
MANUFACTURERS' INVENTORIES AND SALES Month of January (millions of dollars):			
Inventories—			
Durables	$30,700	$30,300	$28,200
Nondurables	22,800	22,600	21,600
Total	$53,500	$52,900	$49,800
Sales	29,600	30,600	27,300
METAL PRICES (E. & M. J. QUOTATIONS)— February:			
Copper—			
Domestic refinery (per pound)	32.976c	33.654c	29.617c
Exports refinery (per pound)	31.994c	33.555c	28.726c
††London, prompt (per long ton)	£263.869	£259.263	£236.206
††Three months, London (per long ton)	£73,774	£74,525	£70,775
Lead—			
Common, New York (per pound)	12.000c	12.000c	11.560c
Common, East St. Louis (per pound)	11.800c	11.800c	11.383c
††London, prompt (per long ton)	£73.863	£74.781	£69.966
††Three months, London (per long ton)	£73.774	£74.525	£70.775
Zinc (per pound)—East St. Louis	13.000c	12.877c	11.417c
§§Zinc, prime Western, delivered (per pound)	13.500c	13.377c	11.917c
††Zinc, London, prompt (per long ton)	£88.857	£94.572	£73.681
††Zinc, London, three months (per long ton)	£88.920	£91.747	£71.981
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	90.444c
Silver, London (per ounce)	79.500d	79.938d	77.206d
Sterling Exchange (check)	$2.80329	$2.79976	$2.80935
Tin, New York Straits	101.000c	99.888c	102.729c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$212.211	$211.000	$218.000
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound) bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound) boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$82.000	$78.750	$57.278
Cadmium (per pound, delivered ton lots)	$1.40000	$1.38500	Not avail.
Cadmium (per pound, small lots)	$1.50000	$1.48500	Not avail.
Cobalt, 97% grade (per pound)	$1.75000	$1.75000	$1.75000
Aluminum, 99% grade ingot weighted average (per pound)	28.100c	28.100c	26.800c
Aluminum, 99% grade primary pig	26.000c	26.000c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOODY'S WEIGHTED AVERAGE YIELD 100 COMMON STOCKS—Month of Feb.:			
Industrials (125)	3.40	3.39	3.26
Railroads (25)	5.26	5.19	4.50
Utilities (not incl. Amer. Tel. & Tel.) (214)	4.04	4.13	3.84
Banks (15)	3.84	3.68	3.69
Insurance (10)	2.76	*2.86	2.48
Average (200)	3.53	3.56	3.41
MONEY IN CIRCULATION—TREASURY DEPT.			
As of Jan. 31 (000's omitted)	$32,600,000	$32,500,000	$32,200,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914=100—As of Jan. 15:			
All farm products	231	228	245
Crops	219	217	215
Commercial vegetables, fresh	264	258	267
Cotton	248	254	238
Feed, grains and hay	151	149	152
Food grains	206	206	199
Fruit	202	198	211
Oil-bearing crops	216	215	218
Potatoes	188	174	129
Tobacco	486	491	499
Livestock	242	238	270
Dairy products	266	274	264
Meat animals	278	264	328
Poultry and eggs	144	148	161
Wool	239	234	200
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Dec. (000's omitted):			
Exports	$1,674,500	$1,478,600	$1,513,600
Imports	1,477,800	1,283,200	1,253,400

*Revised figure. †Estimated totals baseds on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ (A. R.) Abrams, Inc.
Feb. 25 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are being offered by Mr. & Mrs. A. R. Abrams. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—362 Jones Avenue, N. W., Atlanta, Ga. **Underwriter**—E. F. Hutton & Co., Atlanta, Ga., and New York City.

Acme Wholesale Corp.
Jan. 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase merchandise for payment of notes and accounts payable, and for advertising and other expenses. **Office**—410 Studekum Bldg., Nashville, Tenn. **Underwriter** — Crescent Securities Co., Inc., Bowling Green, Ky.

Aerosol Corp. of America
Feb. 5 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay bank indebtedness, for advertising, and for working capital. **Office** — 328 Washington St., Wellesley, Mass. **Underwriter**—Clayton Securities Corp., Boston, Mass.

Agricultural Research Development, Inc.
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa.

★ Alabama Power Co. (4/7)
March 4 filed $19,500,000 of first mortgage bonds dated April 1, 1960 and due April 1, 1990. **Proceeds**—For construction, and repayment of short-term bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—To be received at the office of the company's service company, Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time, on April 7, 1960.

● Alaska Consolidated Oil Co., Inc. (3/21-30)
Sept. 17 filed 3,000,000 shares of common stock (par five cents), subsequently reduced to 1,250,000 shares. **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall Street, New York. **Underwriter**—C. B. Whitaker, A. J. Zappa & Co., Inc., New York.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Offering**—Expected in March.

Ameche-Gino Foods, Inc.
Feb. 18 (letter of notification) 99,875 shares of common stock, class A (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—Ameche's Drive-In, Loch Raven Boulevard & Taylor Avenue, Towson, Md. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md.

American Bowling Enterprises, Inc.
Feb. 25 filed 100,000 shares of common stock (par $1), and 100,000 class A purchase warrants, to be offered in units of one warrant with each share. The class A warrants give the right to purchase the stock at $7.50 per share for the first six months, at $8.50 per share from the seventh to the 24th month, and at $9 per share from the 25th to the 30th month. **Price**—$7.50 per unit. **Proceeds**—For the construction of new bowling centers. **Office** — Rochester, N. Y. **Underwriter** — Myron A. Lomasney & Co., New York City.

American Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

American Land Co.
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Indefinitely delayed.

★ American Metropolitan Investment Co.
March 4 filed 103,400 shares of class A and 10,340 shares of class B stock. The company proposes to offer said class A and B stock for subscription by holders of outstanding class B stock, at $132 per unit, each unit to consist of one class B and 10 class A shares (reflecting a price of $12 per share). **Proceeds**—Principally for development of certain of its properties. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None.

● American Molded Fiberglass Co. (3/14-18)
Jan. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—85 Fifth Ave., Paterson, N. J. **Underwriter** — Michael Fieldman, 82 Beaver St., New York, N. Y.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Telemail Service, Inc.
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City. **Offering**—Imminent.

● Andrea Radio Corp.
Feb. 3 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To president F. A. D. Andrea, selling stockholder. **Office**—27-01 Bridge Plaza North, Long Island City, N. Y. **Underwriters** — W. C. Langley & Co., of New York City. **Offering**—Imminent.

● Ansonia Wire & Cable Co.
Jan. 28 (letter of notification) 74,800 shares of common stock (par $1) to be offered to stockholders on the basis of 7 new shares for each 10 shares held, with rights to expire on April 1. **Price**—$4 per share. **Proceeds**—To repay a current debt and for working capital. **Office**—111 Martin Street, Ashton, R. I. **Underwriter**—Lapham & Co., 40 Exchange Place, New York, N. Y.

Apache Realty Corp.
Feb. 15 filed 116,500 preferred shares (par $20), 500,000 subordinated common shares ($.10 par), and an unspecified number of common shares (par $1). The common and preferred stocks will be sold only in units consisting of five shares of preferred and an unspecified number of common shares, at $150 per unit. The company will sell the 500,000 shares of subordinated common stock at 10 cents per share to Apache Oil, promoter of the company. **Proceeds**—$1,600,000 will be used to acquire from Apache Oil the latter's two-thirds interest in the Rand Tower and Foshay Tower officebuildings in Minneapolis (included in this payment is the sum required to repay the bank loan in the amount of $1,500,000 obtained in connection with the acquisition of said building); about $600,000 will be used in connection with the development of a shopping center; and the balance for general corporate purposes. **Office** — 523 Marquette Ave., Minneapolis, Minn. **Underwriter**—APA, Inc., a subsidiary of Apache Oil. **Offering**—Expected by the middle of March.

Arcs Industries, Inc. (3/21-25)
Feb. 10 filed 100,000 shares of common stock (par 10 cents). **Price**—$3.75 per share. **Proceeds**—To discharge indebtedness; advances for research and development; to buy equipment and the balance for general corporate purposes. **Office**—Merrick Road, Bellmore, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

Arrivals, Ltd.
Jan. 29 (letter of notification) 44,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—203 N. Wabash Ave., Chicago, Ill. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

Automobile Bankers of South Dakota
Feb. 29 filed $500,000 of 10-year 6½% subordinated notes, due 1970, to be offered to employees. **Price**—100% of principal amount. **Proceeds**—For additional working capital. **Office**—621 Main Street, Rapid City, S. Dak. **Underwriter**—None.

Automation Systems, Inc. (4/5)
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150-34 12th Avenue, Whitestone 57, N. Y. **Underwriter**—B. Fennekohl & Co., Inc., New York, N. Y.

Aviation Employees Corp. (3/18)
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

● Avis, Inc. (4/11-15)
March 1 filed $5,000,000 of subordinated convertible debentures, due 1970, and 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—The company anticipates that a portion will be used for advances to or investments in one or more of its subsidiaries for their general business purposes. In addition the company may also apply a portion of the proceeds to the acquisition of additional businesses and to the prepayment of part of its outstanding long-term debt and to the temporary reduction of outstanding borrowings under a 6% revolving credit loan. **Office**—18 Irvington Street, Boston, Mass. **Underwriter**—W. E. Hutton & Co., New York.

Baltimore Paint & Chemical Corp. (3/14)
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each $1,000 of debentures; (b) 90,000 shares of 6½% cumulative convertible first preferred stock; and (c) $750,000 of 6¼% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 12-year warrants granted said insurance company to purchase 15,000 shares of the issuer's common at a price to be specified. **Prices**—For the debentures, at par; for the preferred, $20 per share. **Proceeds**—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. **Office**—2325 Annapolis Avenue, Baltimore, Md. **Underwriter**—P. W. Brooks & Co., New York City.

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected any day.

● Barnes Engineering Co. (3/14-18)
Feb. 9 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay off notes, for expansion and for general corporate purposes. **Office**—Stamford, Conn. **Underwriter** — Hayden, Stone & Co.

★ Beltone Recording Corp.
Feb. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—4 W. 31st Street, New York 1, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

Bobbie Brooks, Inc.
Feb. 15 filed 200,000 shares of capital stock, as adjusted for the proposed two-for-one stock split to be voted on at a shareholders' meeting Feb. 24, 1960. Of the shares to be offered, 100,000 shares are to be sold by the company and 100,000 are to be sold by selling stockholders. **Price** — To be supplied by amendment. **Office** — 3830 Kelley Ave., Cleveland 14, Ohio. **Proceeds**—To be used for property improvements and working capital. **Underwriter**—Bache & Co., New York. **Offering**—Expected in mid-March.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

★ Briggs Associates, Inc.
Feb. 23 (letter of notification) 44,470 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To purchase additional shop and laboratory facilities; for research and development of new products and working capital. **Office**—No. 10 DeKalb Street, Norristown, Pa. **Underwriter**—F. P. Ristine & Co., Philadelphia, Pa.

● Britton Electronics Corp. (3/15)
Jan. 19 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—19 Warren Place, Mt. Vernon, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y.

● Burnell & Co.
Feb. 15 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To repay bank loan; for manufacture of magnetic amplifiers; for establishment of a new crystal filter division; for the purchase of new automatic winding and testing and production equipment; and for working capital. **Office**—10 Pelham Parkway, Pelham Manor, N. Y. **Underwriter** — Milton D. Blauner & Co., New York. **Offering**—Expected in early April.

● Caldata, Inc.
Feb. 15 (letter of notification) 75,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—To repay bank loans, for research and development, reserve, and for working capital. **Office**—11431 Joanne Place, Los Angeles, Calif. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y. **Offering**—Expected in late March.

★ California-Pacific Utilities Co.
March 7 filed 87,307 shares of common stock. Of the shares to be sold, 40,000 will be offered for the account of the company, and the remaining 47,307 are presently outstanding shares and will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To finance a portion of the company's construction program. **Office**—405 Montgomery Street, San Francisco, Calif. **Underwriter**—Eastman Dillon, Union Securities Co., New York City.

★ Campbell Water Co.
Feb. 25 (letter of notification) 2,500 shares of common stocky (par $25). **Price** — $32 per share. **Proceeds** — To

complete two new water wells and for a steel tank and working capital. **Address**—P. O. Box, 788, Campbell, Calif. **Underwriter**—None.

● Capital Airlines, Inc. (3/21)
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held, with rights to expire 14 days after offering date. **Proceeds** — To broaden equity base. **Office** — Washington National Airport, Washington 1, D. C. **Underwriters** — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

● Captains Club, Inc. (4/4-8)
Jan. 22 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of $52,860 of 6% notes and the balance for operating funds and working capital. **Office**—381 Fifth Avenue, New York City. **Underwriters**—G. Everett Parks & Co., Inc., and Sulco Securities, Inc., both of 52 Broadway, New York City.

★ Carborundum Co., Buffalo, N. Y.
March 8 filed 123,437 shares of its common stock, to be issued under stock options to certain officers and other key employees of the company and its subsidiaries.

● Carolina Pacific Plywood, Inc., Medford, Ore. (3/25)
Feb. 29 filed 100,000 shares of capital stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To increase the company's working capital and to aid in financing log inventories at peak periods. **Underwriter**—Peter Morgan & Co., New York.

★ Carolina Power & Light Co. (4/5)
March 4 filed $25,000,000 of first mortgage bonds, series due 1990. **Proceeds**—To be used to (1) repay temporary bank loans of $18,500,000 used in connection with the company's construction program and (2) for the construction of additional facilities. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co., Inc. **Bids**—Expected to be received on April 5 at 11:00 a.m. **Information Meeting**—Scheduled for April 1 at 11:00 a.m.

Carolina Telephone & Telegraph Co.
Feb. 19 filed 176,319 shares of common capital stock, to be offered for subscription by stockholders of record March 15, 1960, in the ratio of one new share for each 10 shares then held; rights expire April 7. The company is also seeking registration of an additional 20,000 shares of its common capital stock to be offered under an Employee Stock Plan. **Price**—$20 per share for rights offering. **Proceeds**—To reduce short-term bank notes. **Underwriter**—None.

Castle Realty Co., Inc.
Feb. 11 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase additional real estate investments. **Office**—Equitable Bldg., Baltimore, Md. **Underwriter**—Landrum Allen & Co., Inc., Washington, D. C.

Central Cooperatives, Inc.
Feb. 17 filed $1,500,000 of 15-year 5½% series A debenture bonds, $500,000 of 10-year 5% series A debenture bonds, and 10,000 shares of 4% cumulative preferred stock. **Price**—For debenture bonds, 100% of principal amount; $25 per preferred share. **Proceeds**—To be added to the cooperatives general fund and the major portion thereof will be applied to the construction of a new warehouse and central office building; and a portion of

Continued on page 36

NEW ISSUE CALENDAR

March 14 (Monday)
American Molded Fiberglass Co.________Common
(Michael Fieldman) $300,000
Baltimore Paint & Chemical Corp.______Preferred
(P. W. Brooks & Co.) $1,800,000
Baltimore Paint & Chemical Corp.__________Bonds
(P. W. Brooks & Co.) $750,000
Baltimore Paint & Chemical Corp.______Debentures
(P. W. Brooks & Co.) $750,000
Barnes Engineering Co.________________Common
(Hayden, Stone & Co.) 50,000 shares
Central Illinois Light Co.___________________Bonds
(Bids 11:45 a.m. EST) $14,000,000
Commerce Drug Co.____________________Common
(Marron, Sloss & Co., Inc.) $585,000
Dworman Corp. _______________________Common
(Charles Plohn & Co.) $3,000,000
General Foam Corp.____________________Common
(Brand, Grumet & Seigel, Inc. and Arnold Malkan & Co., Inc.) $700,000
General Telephone & Electronics Corp.__Common
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) 775,000 shares
Genesco, Inc.__________________________Common
(Blyth & Co., Inc.) 587,186 shares
Glass-Tite Industries, Inc.________________Common
(Stanley Heller & Co.) 25,000 shares
Glass-Tite Industries, Inc.__________Debentures
(Stanley Heller & Co.) $500,000
Hermetite Corp.________________________Common
(M. L. Lee & Co., Inc.; Milton D. Blauner & Co., Inc. and Kesselman & Co., Inc.) $680,000
Hi-Press Air Conditioning Corp. of America__Com.
(Plymouth Securities Corp.) $600,000
LaFayette Radio Electronics Corp.__________Common
(D. A. Lomasney & Co.) $1,125,000
Meyer (Fred), Inc.________________________Common
(Kidder, Peabody & Co.) 400,000 shares
Missile Components Corp.__________________Common
(Mortimer B. Burnside & Co., Inc.) $180,000
Nu-Era Corp.______________________________Common
(Mortimer B. Burnside & Co., Inc.) $1,031,250
Seaboard Plywood & Lumber Corp.___Debentures
(Peter Morgan & Co.) $300,000
Seaboard Plywood & Lumber Corp.______Common
(Peter Morgan & Co.) 30,000 shares
Secode Corp. _____________________Debentures
(No underwriting) $1,500,000
Tayco Developments, Inc.__________________Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $154,962.50
Taylor Devices, Inc.______________________Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $537,788.75
Universal Transistor Products Corp.______Common
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000
Walnut Grove Products Co., Inc.______Debentures
(First Trust Co. of Lincoln, Nebraska and Cruttenden, Podesta & Co.) $3,000,000
Walnut Grove Products Co., Inc.__________Common
(First Trust Co. of Lincoln, Nebraska and Cruttenden, Podesta & Co.) 300,000 shares
Waters Manufacturing, Inc.________________Common
(Stroud & Co., Inc.) $300,000

March 15 (Tuesday)
Britton Electronics Corp.__________________Common
(First Philadelphia Corp.) $225,000
Chesapeake & Potomac Telphone Co. of West Virginia _____________________Debentures
(Bids 11 a.m. EST) $25,000,000
Dominican Sisters of Chicago and Dominican Sisters _______________________Bonds
(B. C. Ziegler & Co.) $600,000
Goddard, Inc.____________________________Common
(Robert L. Ferman & Co., and Godfrey, Hamilton, Magnus & Co., Inc.) $497,250
Great Lakes Bowling Corp._________________Common
(Straus, Blosser & McDowell) 120,000 shares
Highway Trailer Industries, Inc.________Debentures
(Allen & Co. and Van Alstyne, Noel & Co.) $3,000,000
International Rectifier Corp.______________Common
(Blyth & Co., Inc.) 120,000 shares
Northern Indiana Public Service Co.________Bonds
(Bids 11 a.m. CST) $15,000,000
Phillips Developments, Inc.________________Common
(Allen & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.) 400,000 shares
Sierra Pacific Power Co.__________________Common
(No underwriting) 49,714 shares
South Bay Industries, Inc.________________Class A
(Amos Treat & Co., Inc.) $1,050,000

March 16 (Wednesday)
One-Hour Valet, Inc._________________Debentures
(Van Alstyne, Noel & Co.) $2,000,000
One-Hour Valet, Inc.______________________Common
(Van Alstyne, Noel & Co.) 100,000 shares
Puget Park Corp.___________________________Common
(Hill, Darlington & Co.) $816,725

March 17 (Thursday)
Mississippi Power Co.________________________Bonds
(Bids 11 a.m. EST) $4,000,000

March 18 (Friday)
Aviation Employees Corp.____________________Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

March 21 (Monday)
Alaska Consolidated Oil Co., Inc.________Common
(C. B. Whitaker and A. J. Zappa & Co., Inc.) $7,500,000
Arcs Industries, Inc.______________________Common
(Myron A. Lomasney & Co.) $375,000
Capital Airlines, Inc._____________________Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares
Latrobe Steel Co.__________________________Capital
(Kidder, Peabody & Co.) 116,000 shares
Macco Corp.________________________________Common
(Kidder, Peabody & Co. and Mitchum, Jones & Templeton) 200,000 shares
Mayfair Industries, Inc.____________________Common
(Emanuel Deetjen & Co.) 300,000 shares
Mobilife Corp._____________________________Common
(Plymouth Bond & Share Corp.) $1,000,000
Pentron Electronics Corp.__________________Common
(Stanley Heller & Co.) $750,000
Public Service Co. of New Mexico_________Common
(Offering to stockholders—underwritten by Allen & Co.) 97,229 shares
Standard Screw Co.________________________Common
(Hornblower & Weeks) 210,000 shares
Sunair Electronics, Inc.____________________Common
(Frank Karasik & Co., Inc.) $600,000
Surety Life Insurance Co.__________________Common
(J. A. Hogle & Co.) 10,000 shares
Tenax, Inc.________________________________Common
(Myron A. Lomasney) $600,000
Western Utilities Corp.____________________Common
(Dean Witter & Co.) 125,000 shares
Whitmoyer Laboratories, Inc.______________Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000
Whitmoyer Laboratories, Inc.__________Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

March 22 (Tuesday)
Yuba Consolidated Industries, Inc.____Debentures
(Blyth & Co., Inc.) $6,000,000

March 23 (Wednesday)
Collins Radio Co.____________________Debentures
(Kidder, Peabody & Co. and White, Weld & Co.) $12,000,000
Remco Industries, Inc.______________________Common
(Paine, Webber, Jackson & Curtis) 100,000 shares

March 25 (Friday)
Carolina Pacific Plywood, Inc.______________Capital
(Peter Morgan & Co.) 100,000 shares
La Crosse Cooler Co.______________________Common
(Shearson, Hammill & Co.) 100,000 shares
Universal-Cyclops Steel Corp.______________Common
(A. G. Becker & Co., Inc.) 200,000 shares

March 28 (Monday)
Edgcomb Steel Co.__________________________Common
(Kidder, Peabody & Co. and Schmidt, Roberts & Parke) 150,000 shares
Eldon Industries, Inc.______________________Common
(Shearson, Hammill & Co. and Stern, Frank, Meyer & Fox) 150,000 shares
Howe Plastics & Chemical Companies, Inc.__Com.
(Hilton Securities, Inc.) $100,000
Inland Container Corp._____________________Common
(Lazard Freres & Co.) 175,000 shares
Inland Credit Corp.________________________Class A
(Shearson, Hammill & Co.) 190,000 shares
Missile Electronics, Inc.____________________Common
(Pleasant Securities Co. of Newark) $643,500
San Diego Imperial Corp.___________________Common
(White, Weld & Co. and J. A. Hogle & Co.) 728,531 shares
San Diego Imperial Corp.______________Debentures
(White, Weld & Co. and J. A. Hogle & Co.) $5,000,000

March 29 (Tuesday)
Bank of California___________________________Stock
(Blyth & Co., Inc.) 256,930 shares
Louisiana Power & Light Co.___________________Bonds
(Bids 11:30 a.m. EST) $20,000,000
Niagara Mohawk Power Co.____________________Bonds
(Bids 11 a.m. EST) $50,000,000

March 30 (Wednesday)
Systron-Donner Corp. _____________________Capital
(White, Weld & Co.) 442,700 shares

April 4 (Monday)
Captains Club, Inc.________________________Common
(G. Everett Parks & Co., Inc. and Sulco Securities, Inc.) $1,000,000
Circuit Foil Corp.__________________________Common
(Hayden, Stone & Co.) 106,000 shares
Sterilon Corp.______________________________Common
(Shields & Co.) 100,000 shares

April 5 (Tuesday)
Automation Systems, Inc.___________________Common
(B. Fennekohl & Co., Inc.) $150,000
Carolina Power & Light Co.___________________Bonds
(Bids 11 a.m. EST) $25,000,000

April 7 (Thursday)
Alabama Power Co.____________________________Bonds
(Bids 11 a.m. EST) $19,500,000

April 11 (Monday)
Avis, Inc.__________________________________Common
(W. E. Hutton & Co.) 20,000 shares
Avis, Inc. ______________________________Debentures
(W. E. Hutton & Co.) $5,000,000
Figurette, Ltd.______________________________Common
(Myron A. Lomasney & Co.) $600,000
National Fuel Gas Co.___________________Debentures
(Bids to be invited) $18,000,000
Tool Research & Engineering Corp.______Common
(Shields & Co.) 350,000 shares

April 12 (Tuesday)
Mountain States Telephone & Telegraph Co. ______________________________Debentures
(Bids to be invited) $40,000,000
West Penn Electric Co.______________________Common
(Carl M. Loeb, Rhoades & Co; The First Boston Corp.; Lehman Brothers; Goldman, Sachs & Co.) $10,000,000

April 13 (Wednesday)
Iowa-Illinois Gas & Electric Co.______________Bonds
(Bids 10:30 a.m. CST) $15,000,000

April 18 (Monday)
U. S. Plywood Corp.______________________Debentures
(Eastman Dillon, Union Securities & Co.) $25,000,000

April 20 (Wednesday)
Puget Sound Power & Light Co.______________Bonds
(Bids 12 noon EST) $20,000,000

April 26 (Tuesday)
Metropolitan Edison Co.______________________Bonds
(Bids 11 a.m. EST) $15,000,000

May 5 (Thursday)
Columbia Gas System, Inc.______________Debentures
(Bids to be received) $25,000,000

May 10 (Tuesday)
California Electric Power Co.__________________Bonds
(Bids 9 a.m. PST) $12,000,000
Goelet Corp.______________________________Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000
Goelet Corp. _______________________________Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares
Goelet Corp. ______________________________Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

May 24 (Tuesday)
Jersey Central Power & Light Co.______________Bonds
(Bids to be invited) $7,000,000

June 2 (Thursday)
Southern Electric Generating Co.______________Bonds
(Bids to be invited) $40,000,000

July 1 (Friday)
Tennessee Valley Authority____________________Bonds
(Bids to be invited) $50,000,000

July 7 (Thursday)
Gulf Power Co.____________________________Preferred
(Bids to be invited) $5,000,000
Gulf Power Co.________________________________Bonds
(Bids to be invited) $5,000,000

September 13 (Tuesday)
Virginia Electric & Power Co.__________________Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)
Georgia Power Co._____________________________Bonds
(Bids to be invited) $12,000,000

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the proceeds will be applied to retirement of maturing promissory notes and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

● Central Illinois Light Co. (3/14)
Feb. 18 filed $14,000,000 of first mortgage bonds, due 1990, to be sold at competitive bidding. **Proceeds**—For 1960 construction, expected to total about $17,000,000. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities (jointly). **Information Meeting**—March 11 at 11 a.m. (EST) at Bankers Trust Co., 16 Wall St., New York City. **Bids**—Scheduled to be received March 14, at 11:45 a.m. (EST) at the offices of Commonwealth Services, Inc., 300 Park Ave., New York City.

Century Properties
Jan. 25 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. **Office**—1738 S. La Cienga Boulevard, Los Angeles, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus.

Charlotte Motor Speedway, Inc.
Jan. 21 filed 304,000 shares of common stock, to be offered to common stockholders of record Jan. 1 at the rate of two new shares for each three shares then held. **Price**—$2 per share, initially; after 15 days from the offering date, the underwriter will offer unsubscribed shares to purchasing stockholders for an additional 10 days, after which such shares may be publicly offered. **Proceeds**—For construction of a speedway and its accessories. The issuer expects to stage its first stock car race in May. **Office**—108 Liberty Life Building, Charlotte, N. C. **Underwriter**—Morrison & Co., Charlotte.

Chesapeake & Potomac Telephone Co. of West Virginia (3/15)
Feb. 19 filed $25,000,000 of 40-year debentures, dated March 1, 1960 and due March 1, 2000. **Proceeds**—To be applied toward repayment of advances from AT&T, the issuer's parent, which are expected to amount to about $27,600,000 at the time the proceeds are received. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received at Room 1900, 195 Broadway, New York, N. Y., before 11 a.m. (New York Time) on March 15, 1960.

● Circuit Foil Corp. (4/4)
March 1 filed 106,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 6,000 are outstanding and will be sold for the account of the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For purchase, construction and installation of new machines; for the initial financing of a new copper foil plant; and for working capital. **Office**—East Park Street, Bordentown, N. J. **Underwriter**—Hayden, Stone & Co., New York.

Circuitronics, Inc.
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—121 Varick Street, New York, N. Y. **Underwriter**—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C.

Citizens Casualty Co. of New York
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp. **Offering**—Postponed.

Colanco, Inc.
Jan. 19 (letter of notification) 300,000 shares of preferred (no par), seven cents per share dividend paying after March 1, 1962, non-cumulative, non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase land and for development and working capital. **Office**—3395 S. Bannock Street, Englewood, Colo. **Underwriter**—Diversified Securities, Inc., Englewood, Colo.

Cold Lake Pipe Co., Inc.
Feb. 5 filed 200,000 shares of common stock. **Price**—$6 per share. **Proceeds**—Repayment of loans and indebtedness, working capital and expansion. **Office**—1410 Stanley St., Montreal,, Canada. **Underwriter**—None.

Collins Radio Co. (3/23)
Feb. 17 filed $12,000,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Cedar Rapids, Iowa. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York City.

● Combined Electronics Inc.
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, incliding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis. **Offering**—Expected shortly.

Commerce Drug Co. (3/14)
Nov. 30 filed 90,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter** — Marron, Sloss & Co., Inc., New York City.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

★ Commonwealth Recreation Co.
Feb. 26 (letter of notification) 11,500 shares of common stock (par $1) being offered for subscription by stockholders of record March 1, 1960 on the basis of one new share for each three shares then held. **Price**—$10 per share. **Proceeds** — For the purchase of equipment for bowling alleys and working capital. **Office**— 6308 Broad Street, Richmond, Va. **Underwriter**—None.

Computer Usage Co., Inc.
Dec. 29 (letter of notification) 47,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriters** — Marron, Sloss & Co., Inc. (handling the books), and Roosevelt & Gourd, New York, N. Y.; L. B. Schwinn & Co., Cleveland, Ohio; Donaldson, Luskin & Jenrette, Inc., New York, N. Y. and First Albany Corp., Albany, N. Y. **Offering**—Expected next week.

Consolidated Oil & Gas, Inc., Denver, Colo.
Feb. 24 filed 140,748 shares of common stock and warrants for the purchase of 422,234 shares of common stock. The company proposes to offer its common stockholders of record March 25, 1960, the right to subscribe for one common share and warrants for the purchase of three common shares for each 10 common shares then held. The registration statement also included an additional 205,277 of outstanding shares which may be offered for sale by the present holders thereof, and 100,000 shares to be offered by the company for certain properties. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For reduction of current indebtedness; for drilling and completion, if warranted, of development wells; to rework, deepen and complete, if warranted, exploratory wells, and the balance of general corporate purposes. **Underwriter**—None.

Consolidated Water Co.
Dec. 30 (letter of notification) 24,900 shares of class A common stock (par $10). **Price**—$12 per share. **Proceeds** — To pay in part bank loans. **Office** — 327 S. La Salle Street, Chicago, Ill. **Underwriters**—Milwaukee Co., Milwaukee, Wis. and Indianapolis Bond & Share Corp., Indianapolis, Ind.

Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office** — 715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, N. H.

● Control Electronics Co., Inc.
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feuer, all of New York. **Offering**—Expected in late March.

★ Cosnat Record Distributing Corp.
Feb. 29 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—315 W. 47th Street, New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y.

★ Crossroads Amarillo Associates
March 4 filed $515,000 of limited partnership interests. **Price**—$5,000 per unit. **Proceeds**—For the purchasing for investment of the fee title to the Crossroads Motel in Amarillo, Tex. **Office** — 375 Park Ave., New York. **Underwriter**—Interamerica Securities Corp., 375 Park Ave., New York City, a wholly-owned subsidiary of Jules Yablock, one of the five partners purchasing the Motel.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis. **Offering**—Expected any day.

Dworman Corp. (3/14-18)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

★ Eagle-Picher Co.
Feb. 29 (letter of notification) 12,307 shares of common stock (par $5) to be offered to the employees of the company pursuant to the 1960 Employees' Stock Purchase Plan. **Price**—At 95% of the closing price on the New York Stock Exchange on the day on which allocations are made and purchase contracts accepted. **Proceeds**—For working capital. **Office** — American Bldg., Cincinnati, Ohio. **Underwriter**—None.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York.

Edgcomb Steel Co. (3/28-4/1)
Feb. 18 filed 150,000 outstanding shares of common stock ($5 par). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—D St. below Erie Ave., Philadelphia, Pa. **Underwriters** — Kidder, Peabody & Co. of New York and Philadelphia; and Schmidt, Robert & Parke, of Philadelphia.

● Eldon Industries, Inc. (3/28-4/1)
Feb. 15 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay $250,000 of borrowings used to purchase additional tooling for manufacture of new products; $200,000 to repay borrowings obtained to fund the purchase of Astral Electric Co., Ltd.; $200,000 to defray the cost of leasehold improvements and in moving expenses in connection with the occupancy of its new plant at Hawthorne, Calif.; $150,000 for purchase of additional injection molding equipment; and the remaining proceeds to be applied against outstanding bank loans or added to working capital. **Office**—1010 East 62nd Street, Los Angeles, Calif. **Underwriters**—Shearson, Hammill & Co., Los Angeles and New York; and Stern, Frank, Meyer & Fox, Los Angeles.

Electronic's Inc.
Feb. 1 (letter of notification) $100,000 of 7% subordinated debentures due April 1, 1970 and 20,000 shares of common stock (par 20 cents) to be offered in units, each consisting of $1,000 debenture and 200 shares of common stock. **Price**—$1,300 per unit. **Proceeds**—For payment of an outstanding mortgage note and working capital. **Address** — East Highway 50, Vermillion, S. D. **Underwriter** — Woodard - Elwood & Co., Minneapolis, Minn.

● Employers Reinsurance Corp.
Feb. 8 filed 100,000 shares of capital stock, to be offered for subscription by its stockholders at the rate of one new share for each share held, with rights to expire on March 28. **Price** — To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

Estates, Inc.
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

★ Farmers Inc.
Feb. 29 (letter of notification) 5,139 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—To retire the company's outstanding series "A and B" bonds and to issue preferred stock in their place. **Address**—P. O. Box 5187, Greenville, Miss. **Underwriter**—None.

Federated Reserve Life Insurance Co.
Jan. 19 filed 300,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For capital and surplus of the company, which has not as yet done any life insurance business but expects to sell all forms of it. **Office**—West Memphis, Ark. **Underwriter**—The offering is to be made through three promoters and officers who will receive a selling commission of $2 per share.

★ Figurette, Ltd. (4/11-15)
March 3 filed 100,000 shares of class A common stock. **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co., Inc., New York and Philadelphia. **Offering** — Delayed.

★ First Midwest Small Business Investment Co.
March 7 filed 110,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—512 Nicollet Avenue, Minneapolis, Minn. **Underwriter**—None.

Forest Hills Country Club Ltd.
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City. **Offering**—Expected in late March.

● Forest Lawn Mortgage & Investment Co.
Feb. 12 filed 100,000 shares of common stock (with attached warrants for the purchase of an additional 100,000 shares). The warrants are exercisable at $10 per share. **Price**—$10 per share (with warrants). **Proceeds**—For general corporate purposes. **Office** — 1600 South Glendale Ave., Glendale, Calif. **Underwriter** — None. Public offering of this stock is not anticipated.

● Four Acre Motel Associates
Feb. 15 (letter of notification) $220,000 of limited partnership participations to be offered in units of $1,000 or $5,000. **Price**—At face value. **Proceeds**—To purchase a motel. **Office**—11 W. 42nd St., New York, N. Y. **Underwriter**—Syndication Investors Corp., 527 Madison Ave., New York, N. Y. **Offering**—Imminent.

★ General Aeromation, Inc.
March 3 (letter of notification) 34,450 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For construction of additional vehicles, a demonstration and automation test center and working capital. **Office** — 6011 Montgomery Road, Cincinnati, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

General Development Corp.
March 2 filed 12,555,600 of convertible subordinated debentures, due May 1, 1975, to be offered for subscription by holders of the outstanding common in the ratio of $100 principal amount of debentures for each 50 shares of common held. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—Goldman, Sachs & Co., New York City, will head a group which will purchase any unsubscribed debentures. **Offering**—Expected in April.

● General Foam Corp. (3/14-18)
Jan. 7 filed 175,000 shares of common stock. **Price**—$4 per share. **Proceeds**—To enable issuer to enter synthetic foam manufacturing business. **Office**—640 W. 134th Street, New York City. **Underwriters**—Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., on a "best efforts" basis.

General Instrument Corp.
Feb. 26 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank borrowings and for working capital. **Office**—65 Gouverneur St., Newark, N. J. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

● General Telephone & Electronics Corp. (3/14)
Feb. 26 filed 775,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For additoinal working capital. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif.

★ General Tire & Rubber Co.
March 2 filed 102,000 shares of common stock to be offered pursuant to company's profit sharing plan for salaried employees. **Office** — 1708 Englewood Avenue, Akron, Ohio.

● Genesco, Inc. (3/14)
Feb. 9 filed 587,186 shares of common stock. Of the total, 87,186 shares of common stock will be offered to the common and class B common stockholders of Hoving Corp., and the remaining 500,000 shares will be offered publicly. **Price**—To be supplied by amendment. **Underwriter**—Blyth & Co., Inc., New York.

Glass Magic, Inc.
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected at the end of March.

● Glass-Tite Industries, Inc. (3/14-18)
Feb. 2 filed $500,000 of 6½% convertible subordinated debentures and 25,000 shares of common stock. **Prices**—For the debentures, 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion and reconditioning of plant. **Office**—Providence, R. I. **Underwriter**—Stanley Heller & Co., New York City.

Goddard, Inc. (3/15)
Jan. 29 filed 153,000 shares of common stock. **Price**—$3.25 per share. **Proceeds**—For use by subsidiaries for reduction of indebtedness and general corporate purposes. **Office**—1309 North Dixie Highway, West Palm Beach, Fla. **Underwriters** — Robert L. Ferman & Co., Miami, Fla. and Godfrey, Hamilton, Magnus & Co., Inc., New York City.

● Goelet Corp. (5/10)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

● Great Lakes Bowling Corp. (3/15)
Aug. 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Great Southwest Corp.
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1), to be offered in units of $20 principal amount of debenture and one share of common. **Price**—$28 per unit. **Proceeds**—For debt reduction and the building of a recreation park. **Office**—3417 Gillespie Street, Dallas 19, Texas. **Underwriter**—Glore, Forgan & Co., New York City. **Offering**—Expected in late March.

Green Dollar Nurseries, Inc.
Feb. 17 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For equipment and furnishings, leasehold of improvements, inventory and general working capital. **Office**—11801 Harbor Boulevard, Garden Grove, Calif. **Underwriter**—V. K. Osborne & Sons, Inc., Beverly Hills, Calif.

Gulf States Life Insurance Co.
Feb. 26 filed 1,000,000 shares of common stock, to be offered for subscription by common stockholders of record April 1, 1960, at the rate of two shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—To repay debt of $450,000 owed to Foundation Investment Corp. and additional working capital. **Office**—First Avenue and 18th Street, Birmingham, Ala. **Underwriters** — Southern Underwriters, Inc., also of Birmingham.

● Harn Corp., Cleveland, Ohio
Feb. 23 filed 187,500 shares of common stock. **Price**—$4 per share. **Proceeds**—To pay bank debts and for working capital. **Underwriter**—Arnold Malkan & Co., Inc., and Street & Company, Inc., both of New York City. **Offering**—Expected in April.

★ Harvey Boat Works, Inc.
Feb. 29 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$2.25 per share. **Proceeds** — For working capital, production and other equipment. **Office** — 21460 Tualatin Valley Highway, Aloha, Ore. **Underwriter**—V. S. Wickett & Co., Inc., New York, N. Y.

★ Head Ski Co., Inc.
Feb. 24 (letter of notification) 27,883 shares of common stock (par $1.50), of which 9,883 shares are to be offered by stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — 15 W. Aylesbury Road, Timonium, Baltimore County, Md. **Underwriter**—Robert Garrett & Sons, Baltimore, Md.

Hercules Powder Co.
Feb. 26 filed $5,000,000 of employee participations under the company's Employee Savings Plan, together with 60,979 shares of Hercules common stock which may be acquired pursuant to said plan. **Office**—Wilmington, Delaware.

● Hermetite Corp. (3/14-18)
Jan. 8 filed 136,000 shares of common stock, of which 125,000 are to be publicly offered and 11,000 have been already acquired at $1 per share by the President of M. L. Lee & Co. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—702 Beacon Street, Boston, Mass. **Underwriters**—M. L. Lee & Co., Inc.; Milton D. Blauner & Co., Inc.; and Kesselman & Co., Inc., all of New York City, on an "all or nothing" basis.

● Highway Trailer Industries, Inc. (3/15)
Jan. 29 filed $3,000,000 convertible subordinated debentures, due August, 1975. **Price**—At par. **Proceeds**—For expansion purposes and the discharge of debts. **Office**—250 Park Ave., New York City. **Underwriters**—Allen & Co., and Van Alstyne, Noel & Co., both of New York City.

Hill's Supermarkets, Inc.
Feb. 25 filed 100,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—$700,000 to purchase fixtures, equipment and inventory for new supermarkets, and the balance will be available for further expansion and working capital. **Office**—53 Motor Avenue, Farmingdale, Long Island, New York. **Underwriter**—Kidder, Peabody & Co., New York City.

● Hi-Press Air Conditioning Corp. of America (3/14-18)
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City.

● Howe Plastics & Chemical Companies, Inc. (3/28-4/1)
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

Industron Corp.
Jan. 14 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 55 Needham Street, Newton Highlands, Mass. **Underwriter**—Schirmer, Atherton & Co., Boston, Mass.

● Inland Container Corp. (3/28-4/4)
March 2 filed 175,000 shares of class A common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—$2,500,000 to pay a note, and the balance for general corporate purposes. **Office**—Indianapolis, Ind. **Underwriter**—Lazard Freres & Co., New York.

● Inland Credit Corp. (3/28-4/1)
Feb. 12 filed 190,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of outstanding accounts of Ardisco (affiliate); and the balance for additional working capital. **Office**—11 West 42nd Street, New York 36, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Insular Finance Corp. (formerly General Finance Corp.)
Feb. 1 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—Avenida Condado 609, Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Santurce, Puerto Rico.

★ International Aspirin Corp.
March 2 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For equipment and working capital. **Office**—1215 Denver U. S. National Center, Denver 2, Colo. **Underwriter**—None.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

● International Rectifier Corp. (3/15)
Feb. 15 filed 120,000 shares of common stock, of which 60,000 shares are to be offered for public sale for the account of the issuing company and the remaining 60,000, being outstanding stock, by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds. **Office**—El Segundo, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

● Interstate Securities Co.
Feb. 23 filed 165,000 shares of cumulative preference stock, convertible ($20 par), to be offered for subscription by common stockholders on the basis of one new share of preference stock for each four shares held. Rights dates are March 4 to April 7. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term notes. **Office**—3430 Broadway, Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York; and Stern Brothers & Co., Kansas City, Mo.

Investors Funding Corp. of New York
Feb. 12 filed six series of 10% subordinated debentures aggregating $1,800,000 in principal amount, with attached warrants for the purchase of an aggregate of 31,500 shares of common stock at $10 per share. **Price**—Debentures (with warrants) at 100% of principal amount. **Proceeds**—To be added to the company's general funds and working capital and will be used primarily for the purchase or improvement of parcels of real estate. **Underwriter**—None.

● Island Industries, Inc.
Nov. 23 (letter of notification) $200,000 of 10-year 10% registered debentures. **Price**—$100 per debentures. **Proceeds**—For general corporate purposes. **Office** — 30 E. Sunrise Highway, Lindenhurst, N. Y. **Underwriter** — Heft, Kahn & Infante, Inc., Hempstead, L. I., N. Y. **Note**—The statement has been withdrawn.

Jones & Frederick, Inc.
Feb. 23 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For a down payment on property, advertising, furniture and working capital. **Office**—401 Miracle Mile, Coral Gables, Fla. **Underwriter**—A. J. Frederick & Co., Inc., New York, N. Y. **Note**—Underwriter is unrelated to issuer.

Keystone Electronics Co., Inc.
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

Kratter Corp.
Feb. 15 filed 1,300,000 shares of $1.20 cumulative convertible preferred stock (par $1) to be offered for subscription at $20 per share by holders of outstanding class A and class B common at the rate of one share of preferred for each three common shares held. Shares not purchased by stockholders may be offered for public sale or in exchange for properties. The registration statement also includes 130,000 preferred shares and 130,000 class A common shares which may be acquired by the company in stabilizing transactions during the offering of the preferred, and an indeterminate number of rights which may be so acquired, which securities would thereafter be resold by the company from time

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to time on the American Stock Exchange. **Proceeds**—$8,000,000 to acquire the Americana Hotel, Bal Harbour, Fla., and in the amount of $3,000,000 for repayment of unsecured bank loans. The company also intends to use $2,587,500 for the exercise of a right of a subsidiary to acquire the interests of certain ventures in and to leases and mortgage pertaining to the Kratter Building, and 112-122 W. 34th Street, in New York; $2,500,000 for the development of its Ebbets Field housing project in Brooklyn; and $800,000 for the prepayment of certain mortgages. Any excess will be added to the general funds of the company to be used from time to time for general corporate purposes. **Office**—521 Fifth Avenue, New York City. **Underwriter**—None.

★ L. & M. Tile Products, Inc.
Feb. 29 (letter of notification) 15,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To retire bank indebtedness, accounts payable, and for working capital. **Office**—2821 Gilford Street, Dallas, Texas. **Underwriter**—None.

● La Crosse Cooler Co. (3/25)
Feb. 9 filed 100,000 outstanding shares of common stock (par $2). **Proceeds** — To selling stockholder. **Price**—To be supplied by amendment. **Office**—2809 Losey Blvd., South La Crosse, Wis. **Underwriter**—Shearson, Hammill & Co., New York.

● LaFayette Radio Electronics Corp. (3/14-18)
Dec. 4 filed 225,000 shares of common stock ($1 par). **Price**—$5 per share. **Proceeds**—For general corporate purposes including inventory, leasehold improvements, and working capital. **Office** — 165-08 Liberty Avenue, Jamaica, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York City.

Latrobe Steel Co. (3/21-25)
Feb. 12 filed 116,000 shares of capital stock (par $2.50) of which 60,000 shares will be offered for public sale by company and 56,000 shares are outstanding and will be sold by officers of the company. **Price**—To be supplied by amendment. **Proceeds**—For new equipment and facilities and to enlarge the company's warehouse. **Underwriter**—Kidder, Peabody & Co., New York.

Lefcourt Realty Corp.
Jan. 29 filed $2,000,000 of six year 6% subordinated debentures, due Jan. 15, 1966, with warrants to purchase 300,000 shares of common stock at $5 per share. **Price**—At-the-market, on or after July 30, 1960. **Proceeds**—For payment of a $750,000 bank loan and general corporate purposes. **Office**—375 Park Ave., New York City. **Underwriter**—None.

Lewis Swimming Pool Construction Co., Inc.
Jan. 15 (letter of notification) 60,000 shares of class A common stock (par 50 cents). **Price** — $5 per share. **Proceeds**—To acquire property and for working capital. **Office**—115 Mary Street, Falls Church, Va. **Underwriter**—Securities Registration & Transfer Corp., Washington, D. C.

★ Liberty Loan Corp.
March 4 filed 120,000 shares of 5¾% convertible preference stock, 1960 series. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—634 N. Grand Ave., St. Louis, Mo. **Underwriters**—Riter & Co., New York; Edward D. Jones & Co., St. Louis, Mo.; and Bache & Co., New York.

Louisiana Power & Light Co. (3/29)
Feb. 11 filed $20,000,000 of 1st mortgage bonds, due April 1, 1990. **Proceeds**—For construction and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 11:30 a.m. (New York Time), on March 29, at the offices of Middle South Utilities, Inc., Two Broadway, New York 4, N. Y.

Loveless Properties, Inc.
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Salt Lake City, Utah.

Macco Corp. (3/21-25)
Jan. 28 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness incurred in real estate operations, to acquire and develop land, and for general corporate purposes. **Office**—14409 So. Paramount Blvd., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles.

Magnasyc Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

★ Majestic Penn State, Inc.
Feb. 26 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase equipment, liquidate loans, and for working capital. **Office**—22nd Street and Lehigh Avenue, Philadelphia, Pa. **Underwriter**—Harrison & Co., Philadelphia, Pennsylvania.

● Mayfair Industries, Inc. (3/21-25)
Feb. 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — Lafayette, La. **Underwriter** — Emanuel Deetjen & Co. (managing), New York City.

(Desota B.) McCabe Enterprises, Inc.
Feb. 26 filed 125,000 shares of common stock, of which 63,826 shares of common stock will be issued to Desota B. McCabe Jr., in return for transfer of certain properties to the company. **Price**—$10 per share for public offering. **Proceeds**—For property lease payments on the Desota Lakes property, as reserve for future leases on said property; for additional improvements on the property; for balance due on improvements; to provide additional working capital to McCabe Associates; and other corporate purposes. **Office** — 3196 Hallandale Beach Boulevard, Hallandale, Fla. **Underwriter**—None.

Megadyne Electronics, Inc.
Jan. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriter**—Glenn Arthur Co., Inc., New York, N. Y.

Metropolitan Edison Co. (4/26)
Feb. 29 filed $15,000,00 of first mortgage bonds, due 1990. **Proceeds**—For 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly). **Bids** — Expected to be receved up to 11 a.m. on April 26.

Meyer (Fred), Inc. (3/14-18)
Feb. 3 filed 400,000 shares of class A common stock (without par value) including 300,000 shares for the account of the issuer, and 85,000 shares for a company-connected estate. The remaining 15,000 shares are for officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For the general fund, including constructing and equipping new shopping centers and working capital. **Office**—721 S. W. 4th Ave., Portland, Ore. **Underwriter**—Kidder, Peabody & Co.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. **Office**—500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriter**—None.

● Mid-America Pipeline Co.
Feb. 17 filed $20,500,000 of 6½% subordinated debentures, due March 1, 1980, and 1,435,000 shares of common stock (no par), to be offered in units of $50 of debentures and 3½ shares of common. **Price**—To be supplied by amendment. **Proceeds**—Payment of interest, cost of constructing and operating a pipeline, and general corporate purposes. **Office** — Tulsa, Okla. **Underwriters** — Bear, Stearns & Co., and White, Weld & Co., Inc., both of New York City.

★ Mills Factors Corp.
March 8 filed for not less than 201,200 shares and not more than 270,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To purchase outstanding stock and for the general fund. **Office**—New York City. **Underwriters**—Lee Higginson Corp. and C. E. Unterberg, Towbin & Co., both of New York City.

● Missile Components Corp. (3/14-18)
Jan. 18 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2300 Shames Drive, Westbury, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y.

● Missile Electronics, Inc. (3/28-4/1)
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

Mississippi Power Co. (3/17)
Feb. 8 filed $4,000,000 of first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon Union Securities & Co. and Equitable Securities Corp. (jointly). **Information Meeting**—March 14, 1960. **Bids**—Expected to be received on March 17 at the offices of Southern Services, Inc., 250 Park Avenue, New York 17, N. Y., up to 11 a.m. (EST).

● Mobilife Corp. (3/21-25)
Jan. 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For debt reduction and working capital. **Office**—Sarasota, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

★ Montana Power Co.
March 4 (letter of notification) not to exceed 13,000 shares of common stock to be offered to employees pursuant to the company's Stock Purchase Plan. **Price**—95% of the closing price on the day of purchase. **Proceeds**—For working capital. **Office**—c/o F. W. Bird, 40 E. Broadway, Butte, Mont. **Underwriter**—None.

★ Mutual Employees Trademart, Inc.
Feb. 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To repay current liabilities and other debts and for working capital. **Office** — 1055 Hialeah, Fla. **Underwriter**—Frank Edenfield & Co., Miami, Fla.

Narda Microwave Corp.
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York. Indefinitely postponed.

★ National Canine Breeders Exchange, Inc.
March 3 (letter of notification) 40,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For general corporate purposes. **Office** — 1926 Deer Park Avenue, Deer Park, L. I., N. Y. **Underwriter**—None.

★ National Fuel Gas Corp. (4/11)
March 2 filed $18,000,000 of sinking fund debentures, due 1985. **Proceeds**—Net proceeds of the sale of the debentures will be used in part to prepay $10,800,000 of bank loans, and the balance will be loaned to subsidiaries and used by them to finance in part their 1960 construction program. **Office**—30 Rockefeller Plaza, New York City. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; The First Boston Corp. **Bids**—Expected to be received on April 11. **Information Meeting**—April 7 at 11:00 a.m.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

★ (John J.) Nesbitt, Inc.
March 7 filed 120,000 shares of common stock, of which 40,000 shares will be sold for the company's account while 80,000 shares will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For increase of working capital. **Office** — State Road & Rhawn St., Philadelphia, Pa. **Underwriter**—Hornblower & Weeks, New York.

New Haven Clock & Watch Co.
Jan. 29 filed: (1) 1,462,320 shares of common stock to be offered for subscription at $2 per share by common stockholders at the rate of three new shares for each five shares held on the record date; (2) 250,000 shares of common stock for public sale. **Price**—To be supplied by amendment; (3) 700,000 of outstanding shares which may be offered for sale by the present holders thereof; (4) 719,667 shares to be offered to holders of warrants and convertible short term notes; and (5) 92,500 shares for use in the company's stock option plan. **Proceeds**—For general corporate purposes, including reduction of indebtedness, development of a division, and mortgage payments. **Office**—140 Hamilton St., New Haven, Conn. **Underwriter**—None.

Niagara Mohawk Power Co. (3/29)
Feb. 29 filed $50,000,000 of general mortgage bonds, due 1990. **Proceeds** — To be used to pay short-term bank loans incurred to meet construction costs. The company estimates its 1960 construction program (including that of its subsidiaries) will require $100,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Office**—Syracuse, N. Y.

Northern Indiana Public Service Co. (3/15)
Feb. 9 filed $15,000,000 in bonds of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Dean Witter & Co. (to handle the books); Blyth & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected to be received on March 15.

Nuclear Materials & Equipment Corp.
March 2 filed 45,000 shares of common stock, of which 4,980 are to be offered to warrant holders and the remainder is to be offered publicly. **Price**—To be supplied by amendment. **Proceeds** — For equipment and expansion. **Office**—Apollo, Pa. **Underwriter**—Moore, Leonard & Lynch, Pittsburgh, Pa., and New York City.

● Nu-Era Corp. (3/14-18)
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. **Price**—$3.75 per share. **Proceeds**—To reduce indebtedness and increase inventories of gears and mufflers. **Office** — 342 South St., Rochester, Michigan. **Underwriter**—Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered.

● Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La. The SEC "stop order" hearing has been continued from Feb. 25 to March 22.

● One-Hour Valet, Inc. (3/16)
Feb. 3 filed $2,000,000 of 6% convertible subordinated debentures, due March 1, 1975, and 100,000 shares of common stock (par $1). **Prices**—Debentures at 100% of principal amount, and price of the common stock to be

supplied by amendment. **Proceeds**—For the repayment of indebtedness, renovation and expansion, and working capital. **Office** — 1844 West Flagler St., Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co. of New York City.

★ Pacemaker Boat Trailer Co., Inc.
Feb. 29 (letter of notification) 300,000 shares of common stcok (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of equipment, raw materials and working caiptal. **Office**—622 E. Glenolden Ave., Glenolden, Pa. **Underwriters**—Jacey Securities Co., and First City Securities, Inc., New York, N. Y.

Pacific Gold, Inc.
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Pacific Panel Co.
Feb. 8 filed 100,000 shares of class A common stock. **Price**—$4.50 per share. **Proceeds**—For reduction of indebtedness; for working capital; for establishment of three additional stores; and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th St., Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc. **Offering**—Expected in April.

Park Royal Associates
Feb. 16 filed $2,235,000 of limited partnership interests. **Price**—$5,000 per unit. **Office**—New York City. **Underwriter**—Warren Securities Corp.

★ Pearl Brewing Co.
Feb. 24 (letter of notification) 15,000 shares of capital stock (par $1) at a price not to exceed $20 per share. **Proceeds**—To estate of J. H. Bentzen, selling stockholder. **Office**—312 Pearl Parkway, San Antonio, Texas. **Underwriters**—A. G. Edwards & Sons, and Newhard, Cook & Co., both of St. Louis, Mo. and Dewar, Robertson & Pancoast, San Antonio, Texas.

● Pentron Electronics Corp. (3/21)
Feb. 4 filed 250,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds** — $115,000 for payment in full of outstanding 6% sinking fund debentures, plant renovation, new equipment, and the balance to the general fund. **Office**—777 So. Tripp Ave., Chicago, Ill. **Underwriter**—Stanley Heller & Co., of New York City.

● Philips Developments, Inc. (3/15)
Dec. 21 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office** — 1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

Pidgeon (Walter) Steel Products, Inc.
Feb. 9 (letter of notification) 75,600 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For tooling and machinery of manufacturing plant, inventory, advertising and working capital. **Office** — 10 Union Avenue, Bala-Cynwyd, Pa. **Underwriter**—Heft, Kahn & Infante, Inc., Rockville Centre, N. Y.

Plainfield-Union Water Co.
Feb. 19 filed 68,676 shares of common stock, to be offered for subscription by common stockholders of record March 31, 1960, at the rate of one new share for each 2½ shares then held; rights expire April 14. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Office**—120 West Seventh Street, Plainfield, N. J. **Underwriter**—W. C. Langley & Co., New York.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

★ Precision Circuits, Inc.
March 7 filed $250,000 of convertible subordinated debentures, due April 1, 1970, and 37,500 shares of common stock, to be offered in units consisting of one $100 debenture and 15 common shares. **Price**—$150 per unit. **Proceeds**—For equipping of new facilities, and for general corporate purposes. **Office**—705 South Fulton Avenue, Mount Vernon, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

Precision Transformer Corp., Chicago
Dec. 29 filed $700,000 of 6½% subordinated convertible debentures, due 1970, with attached warrants to purchase 28,000 common shares; and warrants for the purchase of 125,000 common shares, which may be issued to company-connected people; and 150,000 common shares. **Prices**—For the debentures, par; for the common, the price will be supplied by amendment. **Proceeds** — For debt reduction, plant construction, and equipment. **Underwriter**—John R. Boland & Co., Inc., New York City, who will work on a "best efforts" basis and receive a commission of $120 per $1,000 debentures sold.

Premium Acceptance Corp.
Feb. 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For working capital. **Office**—212 S. Tryon Street, Charlotte, N. C. **Underwriter**—R. L. Hoffman, Charlotte, N. C.

Professional Life & Casualty Co.
Jan. 29 filed 180,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For the company's insurance business and expenses, and working capital for the procurement of business. **Office**—720 N. Michigan Ave., Chicago, Ill. **Underwriter**—Professional Casualty Agency Co., Chicago, Ill.

Public Mortgage Co., Inc. of Florida
Feb. 18 filed $4,500,000 of Investment Contracts relating to the sale of whole first and second mortgage loans secured by mortgages on real estate. **Price**—The contracts have no stated offering price apart from the principal amount of the mortgage loans to which they relate. **Office**—36 N. E. 1st St., Miami, Fla. **Underwriter**—Sales of mortgage loans and related investment contracts in Florida will be made by the company directly, with no underwriting commissions thereon; and sales in New York will be made through Public Investing, Inc.

★ Public Service Co. of New Mexico (3/21)
March 2 filed 102,229 shares of common stock, of which 97,229 shares will be offered for subscription by holders of the company's outstanding common stock at the rate of one new share for each 20 shares held. The remaining 5,000 shares will be offered to employees of the company. **Price**—To be supplied by amendment. **Proceeds**—Together with bank borrowings, will be applied toward the company's 1960 construction program, for other corporate purposes including the repayment of a short-term bank loan in the amount of $2,000,000, and working capital. **Office**—819 Simms Building, Albuquerque, N. Mex. **Underwriter**—Allen & Co., New York.

Puget Park Corp. (3/16)
Jan. 6 filed 125,650 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To buy land and reduce indebtedness. **Office**—Seattle, Wash. **Underwriter**—Hill, Darlington & Co., of Seattle and New York City.

Radiant Lamp Corp.
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering**—Expected in April.

● Realty Equities Corp.
Feb. 2 filed 150,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For general corporate purposes. **Office**—New York City. **Underwriter**—Sutro Bros. & Co., also of New York City. **Offering**—Expected in late March.

● Remco Industries, Inc. (3/23)
Feb. 19 filed 100,000 outstanding shares of common stock (par $2). **Proceeds**—To selling stockholders. **Office**—113 N. 13th St., Newark, N. J. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

Reserve Finance Corp.
Feb. 4 (letter of notification) 135,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To operate a finance business. **Office**—Suite 531 Guaranty Bank Building, Denver, Colo. **Underwriter** — Life Insurance Stocks, Inc., Denver, Colo.

St. Regis Paper Co.
Feb. 26 filed 306,787 shares of its common stock, to be offered in exchange for the outstanding shares of common stock of The Creamery Package Manufacturing Co. on the basis of 1.02 shares of St. Regis for each share of Creamery. **Office**—150 E. 42nd St., New York City. **Dealer-Managers**—White, Weld & Co., and A. G. Becker & Co., both of New York.

● San Diego Imperial Corp. (3/28-4/1)
Feb. 24 filed $5,000,000 of subordinated convertible debentures, due Apr. 1, 1975, and 728,531 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the account of selling stockholders, 128,531 shares, and for the company, 600,000 shares, to reduce indebtedness and for investment. **Office**—San Diego, Calif. **Underwriters**—White, Weld & Co., New York City, and J. A. Hogle & Co., Salt Lake City, Utah.

● Savannah Electric & Power Co.
March 2 filed 187,950 shares of common stock (par $5). The company proposes to offer 87,950 shares of its common stock to its stockholders on the basis of one new share for each 13 shares held of record on March 29, 1960. The offer will expire on April 18. 100,000 of the shares of common stock are presently outstanding, and will be sold for the accounts of the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To repay a portion of bank loans made for construction purposes. **Office**—27 West Bay St., Savannah, Ga. **Underwriters** — The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

● Seaboard Plywood & Lumber Corp. (3/14-18)
Feb. 25 filed $300,000 of 6½% subordinated convertible debentures, due April 1, 1970, and 30,000 shares of common stock, to be offered in units, each unit consists of $500 principal amount of debentures and 50 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a term bank loan, and for working capital. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

Secode Corp. (3/14)
Dec. 28 filed $1,500,000 of 6% convertible subordinated debentures due July 1, 1965. The company proposes to offer $300,000 of the debentures in exchange for its 6% convertible notes due July 30, 1962; $587,000 in exchange for its demand notes totaling $587,000; and the balance, or $613,000, to the public for cash. **Office**—555 Minnesota Street, San Francisco, Calif. **Underwriter**—No underwriting is involved; but the debentures offered for the cash sale will be sold on a best efforts basis through dealers who will receive a 5% commission.

● Seeburg Corp.
Feb. 29 filed $526,000 of 4% promissory notes and 1,200,000 shares of common stock. The notes and 614,242 shares of the common stock are outstanding and may be sold by the present holders thereof, who are not company officials. The registration includes 61,000 shares which are reserved by contract for delivery in connection with past acquisitions. The remaining 524,758 shares may be issued from time to time in the acquisition of additional businesses. **Office**—1500 North Dayton St., Chicago, Ill.

● See's Candy Shops, Inc.
Feb. 26 filed 250,832 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—3431 South La Cienaga Blvd., Los Angeles, Calif. **Underwriter**—Hemphill, Noyes & Co., New York. **Offering**—Expected in early April.

Seneca Gas & Oil Corp.
Dec. 24 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For drilling. **Office**—Erie, Pa. **Underwriter**—Edgar B. Hunt Co., New York City. **Offering**—Imminent.

● Servonics, Inc.
Feb. 25 filed 76,600 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each five shares held, rights to expire in April. **Price**—To be supplied by amendment. **Proceeds**—To retire bank note indebtedness; for the purchase of additional machinery, equipment and facilities; to provide additional working capital; to finance the initial payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. **Office**—822 North Henry St., Alexandria, Va. **Underwriter**—None.

★ Sidney Mining Co.
March 3 (letter of notification) 800,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds** — For mining expenses. **Office** — 102 Sidney Building, Kellogg, Idaho. **Underwriter**—None.

Sierra Pacific Power Co. (3/15)
Feb. 23 filed 49,714 shares of common stock, to be offered for subscription by holders of the outstanding common of record March 14 on the basis of one new share for each 15 then held. **Price**—To be supplied by amendment. **Proceeds**—To be applied to payment of loans. **Office**—Reno, Nev. **Underwriter**—None.

Solon Industries, Inc.
Jan. 26 (letter of notification) 50,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—c/o A. M. Hubman, 4061 Conover Road, University Heights, Ohio. **Underwriter**—Gaither & Co., Inc., Cleveland, Ohio.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

South Bay Industries, Inc. (3/15)
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis.

Southwest Forest Industries, Inc.
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construtcion of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City. **Offering**—Expected in late March.

Spring Street Capital Co.
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● Standard Screw Co. (3/21-25)
Feb. 17 filed 210,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To estate of a selling stockholder. **Office**—Bellwood, Ill. **Underwriter**—Hornblower & Weeks, New York.

★ Standard Motor Products, Inc.
March 7 filed 296,460 shares of class A capital stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Long Island City, N. Y. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Offering**—Expected in April.

State Hospital Insurance Association, Inc.
Jan. 27 (letter of notification) 12,750 shares of common stock (no par) to be offered for subscription by stockholders of record Jan. 15, 1960 and unsubscribed shares to the public. Rights expire Feb. 25, 1960. **Price** — To stockholders, $11.50 per share; to the public, $12.50 per share. **Proceeds**—For working capital. **Office**—106 W. Church St., Tarboro, N. C. **Underwriter** — Powell & Co., Fayetteville, N. C.

● Sterilon Corp. (4/4-8)
Feb. 19 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 500 Northland Avenue, Buffalo, N. Y. **Underwriter**—Shields & Co., New York.

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Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

● **Sun Rubber Co.**
Feb. 26 filed $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock (no par), to be offered in units of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—To be used in reorganization. **Office**—366 Fairview Ave., Barberton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● **Sunair Electronics, Inc. (3/21-25)**
Dec. 28 filed 200,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For new equipment, construction, and working capital. **Office** — Broward County International Airport, Ft. Lauderdale, Fla. **Underwriter**—Frank Karasik & Co., Inc., of New York City.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

● **Supronics Corp.**
Jan. 29 filed 120,000 shares of common stock. **Price**—$6 per share. **Proceeds**—$50,000 to reduce short-term bank loans, and the balance to be used for general corporate purposes, including expanding the business. **Office**—224 Washington Street, Perth Amboy, N. J. **Underwriters**—Standard Securities Corp., Herzig, Farber & McKenna, and Irving Weiss & Co., all of New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa. **Offering**—Expected in April.

● **Surety Life Insurance Co. (3/21-5)**
Jan. 29 filed 10,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion of the business. **Office**—1935 So. Main Street, Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

Sutton Leasing Corp.
Feb. 9 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—9 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—T. M. Kirsch Co., New York, N. Y. **Offering**—Expected at the end of March.

System Finance Co.
Dec. 15 (letter of notification) $250,000 of 6% subordinated notes due Jan. 1, 1966. **Price**—At face amount. **Proceeds**—For working capital. **Office**— 610 S. Sixth St., Champaign, Ill. **Underwriter** — Hurd, Clegg & Co., Champaign, Ill.

● **Systron-Donner Corp. (3/30)**
Feb. 25 filed 442,700 shares of capital stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholder, W. K. Rosenberry. **Office** — 950 Galindo St., Concord, Calif. **Underwriter**—White, Weld & Co., New York.

● **Tayco Developments, Inc. (3/14-18)**
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share. **Proceeds**—For working capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

● **Taylor Devices, Inc. (3/14-18)**
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

Teletray Electronic Systems, Inc.
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City. **Offering**—Expected in late March.

Tenax, Inc. (3/21-25)
Feb. 16 filed 150,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expansion of issuer's freezer and food sale business. **Office**—375 Park Avenue, New York City. **Underwriter**—Myron A. Lomasney, New York City.

● **Thermal Industries of Florida, Inc. (3/18-22)**
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Tip Top Products Co.
Feb. 11 filed $600,000 of first mortgage sinking fund bonds, series B, due December, 1969, (with warrants). Warrants attached to each $1,000 bond will entitle holders to purchase 20 shares of class A common stock at an initial price of $11 per share. **Price**—100% of principal amount. **Proceeds** — To pay $420,000 due to Western Electric Co., Inc.; and the balance for general corporate purposes. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and The First Trust Co. of Lincoln, Neb.

● **Tool Research & Engineering Corp. (4/11-15)**
Feb. 24 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay the cash portion of recent acquisitions, and for working capital. **Office** — Compton Calif. **Underwriter** — Shields & Co., New York.

● **Transworld Equipment Corp.**
Jan. 25 (letter of notification) 139,832 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—119 W. 26th Street, New York 1, N. Y. **Underwriter**—Michael Fieldman, 82 Beaver Street, New York City. **Offering**—Expected in late March.

Tri-State Petroleum Corp.
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J. **Offering**—Expected any day.

Tungsten Mountain Mining Co.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered first for subscription by stockholders on the basis of one new share for each eight shares held. **Price**—$2 per share. **Proceeds**—For mining operations. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

United Components, Inc.
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

★ **U. S. Plywood Corp. (4/18)**
March 7 filed $25,000,000 of sinking fund debentures due 1985. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—Eastman, Dillon, Union Securities & Co., New York. **Office**—55 W. 44th Street, New York City.

● **Universal-Cyclops Steel Corp., Bridgeville, Pa. (3/25)**
March 1 filed 200,000 shares of common capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's current funds. **Underwriter**—A. G. Becker & Co., Inc., New York and Chicago.

★ **Universal Fabricators, Inc.**
Feb. 29 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1827 Boone Avenue, Bronx 10, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y.

● **Universal Transistor Products Corp. (3/14-18)**
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

★ **Vermont Natural Gas & Mineral Corp.**
Feb. 29 (letter of notification) 6,000 shares of common stock (par $10). **Price**—$20 per share. **Proceeds**—For expenses for exploring of gas holes. **Address**—P. O. Box 6, Burlington, Vt. **Underwriter**—None.

Vernitron Corp.
Feb. 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—136 Church St., New York, N. Y. **Underwriters**—J. A. Winston & Co., Inc.; Netherlands Securities Co., Inc. and V. K. Osborne & Sons, Inc., 40 Exchange Place, all of New York, N. Y.

Wallson Associates, Inc.
Feb. 26 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—912 Westfield Ave., Elizabeth, N. J. **Underwriters**—Russell & Saxe, and First Broad Street Corp., New York, N. Y.

● **Walnut Grove Products Co., Inc. (3/14-18)**
Jan. 29 filed 300,000 shares of class A common stock (par $2), and $3,000,000 of 15-year 6½% sinking fund debentures, with warrants to purchase 50 class A common shares with each $1,000 debenture. **Price**—To be supplied by amendment. **Proceeds**—To repay bank borrowings of $4,500,000 and replenish working capital. **Office**—Atlantic, Iowa. **Underwriters**—First Trust Co., Lincoln, Neb., and Cruttenden, Podesta & Co., Chicago.

● **Waters Manufacturing, Inc. (3/14-18)**
Jan. 29 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are to be offered by Robert A. Waters, President and the balance by the company. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—533 Boston Post Road, Wayland, Mass. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Wells Industries Corp.
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City. **Offering**—Expected in late March.

● **West Branch Bell Telephone Co.**
Jan. 28 filed 1,120 shares of common stock ($50 par) and $150,000 of 5% convertible subordinated debentures, due April 1, 1980, being offered to stockholders and employees of record Feb. 5 on the basis of $500 of debentures for each 10 common shares held; the stock is being offered on the basis of one new share for each five shares held, with 1,000 shares being offered to stockholders and the remaining 120 shares being offered to employees. Rights dates are March 7 to March 22. Initial conversion price is $70 per share. **Prices**—For the debentures, at 100% of principal amount; for the common, to be supplied by amendment. **Proceeds**—For equipment and working capital. **Office**—31 South Main St., Muncy, Pa. **Underwriter**—Blair & Co., Inc., New York City.

★ **West Indies Cattle Co.**
March 2 (letter of notification) 50,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—c/o Marco Rigau, 609 Condado Avenue, Santurce, Puerto Rico. **Underwriter**—None.

★ **West Penn Electric Co. (4/12)**
March 4 filed 300,000 shares of common stock. **Proceeds**—To purchase about $5,000,000 of additional common stock from the Monangahela Power Co., to retire West Penn Traction Co. bonds maturing June 1, and for general corporate purposes. **Underwriters** — To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., W. C. Langley & Co., and Lehman Brothers. **Bids**—Expected to be received on April 12.

● **Western Airlines, Inc.**
March 1 filed 200,000 shares of capital stock (par $1), to be offered for subscription by holders of outstanding shares of such stock of record March 30; rights to expire on April 18. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Los Angeles, Calif. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith, Inc., New York City.

● **Western Utilities Corp. (3/21-25)**
March 1 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay recent bank borrowings aggregating $800,000 and the balance will be used to provide additional working capital. **Office** — 300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

Whitmoyer Laboratories, Inc. (3/21-25)
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Investment Brokers of N. J., Inc., 844 Broad Street, Newark, N. J.

Wynn Pharmacal Corp.
Jan. 29 (letter of notification) 4,380 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To go to selling stockholders. **Office**—5051 Lancaster Ave., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., Inc., Philadelphia.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

● **Yuba Consolidated Industries, Inc. (3/22)**
Feb. 18 filed $6,000,000 of convertible subordinated debentures, due March, 1975. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1 Bush St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Prospective Offerings

Acoustica Associates, Inc.
Feb. 5 it was reported that this company will probably file an undetermined amount of common stock in April. **Office**—Glenwood Landing, L. I., N. Y. **Underwriter**—Lehman Brothers of New York City.

● **American Fletcher National Bank & Trust Co.**
March 3 it was announced that the bank has called a special meeting for March 17 to authorize 226,604 additional shares of its capital stock (par $10) which are to be offered to holders of record March 16 at the rate of one new share for each three owned; rights will expire April 4. **Price**—To be set by the directors following the meeting. **Proceeds**—To increase capital and surplus. **Office**—Indianapolis, Ind. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc. and Paine, Webber, Jackson & Curtis, and the First Boston Corp., all of New York; City Securities Corp., Collett & Co., Inc. and Indianapolis Bond & Share Corp. all of Indianapolis, Ind.

Applied Electronics Corp. of New Jersey
Feb. 23 it was announced that the company expects to register 200,000 shares of class A common stock, (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For the company's missile and space program. **Office**—22 Center Street, Metuchen, N. J. **Underwriter**—S. D. Fuller & Co., New York, N. Y. **Registration**—Imminent. **Probable Offering**—End of April.

Arco Electronics
March 2 it was reported that on or about March 15 this company is expected to file approximately $500,000 of common stock. **Underwriter**—Michael G. Kletz & Co., of New York City.

Bank of California (3/29)
Feb. 10 it was announced that this Bank has called a special meeting of stockholders for March 29 to authorize the sale of 256,930 additional shares of stock. Stock will be offered to shareholders of record March 29 at the rate of one new share for each five shares then held; rights expire April 19. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Black Hills Power & Light Co.
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests.

Bliss & Laughlin, Inc.
Jan. 27 it was reported that registration is imminent for 36,157 shares of common stock, to be exchanged for the outstanding shares of Sierra Drawn Steel Corp., Los Angeles, on the basis of 8/10 shares of Bliss for each of Sierra's 45,197 shares. **Office**—Harvey, Ill.

British Columbia Telephone Co.
Feb. 10 it was announced that this company will ask its stockholders at a special March 10 meeting to vote a new $12,000,000 issue of preferred. **Proceeds**—For acquisition of shares in similarly engaged companies. **Office**—Vancouver, B. C.

● California Electric Power Co. (5/10)
March 4 it was announced that the company plans to issue and sell $12,000,000 of first mortgage bonds. **Proceeds**—To apply the major portion of the proceeds from the sale to repayment of bank loans, which are expected to amount to about $10,000,000 at the time of financing, the balance of the proceeds will be applied to the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received up to 9 a.m. (PST) on Tuesday, May 10, in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

Central Illinois Electric & Gas Co.
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

Cincinnati Gas & Electric Co.
March 2 it was reported that company is contemplating new financing, probably in the form of bonds. **Underwriter**—To be determined by competitve bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co. and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly).

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Offering** — Expected in April; underwriter to be announced.

Columbia Gas System Inc. (5/5)
Feb. 24 it was reported that this company plans to file $25,000,000 of debentures sometime in April. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on May 5.

Commonwealth Edison Co.
Feb. 9 it was reported that there is expected to be about $30,000,000 of 30-year first mortgage bonds filed, probably within the next six months. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produes spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

Consumers Power Co.
March 2 it was reported that this company is planning to raise new funds probably from the sale of first mortgage bonds and debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Harriman, Ripley & Co. (jointly).

★ Dominican Sisters of Chicago and Dominican Sisters (3/15)
March 9 it was announced that $600,000 of first mortgage serial bonds will be offered on March 15. **Price**—For additions to issuer's existing homes for the aged. **Underwriter**—B. C. Ziegler & Co., West Bend, Wis.

Electrada Corp.
Feb. 3 it was reported that this company is planning financing sometime in the Spring. **Office** — Beverly Hills, Calif. **Underwriter**—Bache & Co. of New York City and Beverly Hills, Calif.

Electronic Development Corp. of Florida
Feb. 15 it was reported that this company is planning to file via a "Regulation A" 150,000 shares of common stock. **Price**—Reported to be $2 per share. **Underwriter**—T. M. Kirsch & Co. (managing underwriter); A. J. Frederick Co. Inc. and Street & Co., Inc. **Offering**—Expected in about three to four weeks.

Englehard Industries, Inc.
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement in the next two weeks concerning a forthcoming issue of common stock. Although no confirmation has been forthcoming, it is understood that auditors visited the company in late December. Registration is still believed likely in the near future.

Federal Paper Board Co., Inc.
Feb. 26 under a merger agreement between this company and Manchester Board & Paper Co., Inc., of Richmond, Va., each share of Manchester's 300,000 shares of outstanding stock is exchangeable for 0.38 common shares and 0.81 shares of 4.6% cumulative preferred, $25 par, stock of Federal Paper Board. The conversion will require issuance of 114,000 additional shares of Federal common stock and 243,000 shares of preferred stock.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Haloid Xerox, Inc.
Feb. 18 it was reported that this company indicated at the time of its stock split that it would need to undertake some new financing, and would probably do so sometime between now and July. **Underwriter**—First Boston Corp.

Hamilton Management Corp.
Feb. 3 it was reported that an undetermined amount of non-voting common stock may possibly be registered the week of Feb. 23. **Office**—Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York City. **Offering** — Expected in mid-March.

Harvey Aluminum Co., Torrance, Calif.
It was reported late last year that this firm—the old Harvey Machine Co. — is planning its initial public financing for the Spring. **Underwriters**—Kuhn, Loeb & Co. (managing) and Tucker, Anthony & R. L. Day, both of New York City.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is contemplated in the next few months. **Office**—Birmingham, Ala. **Underwriter** — Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
Feb. 18 it was reported that this company expects to raise about $35,000,000 from the sale of an undetermined type of security sometime in 1960. Probable groups: Blyth & Co. and Lazard Freres & Co. and First Boston Corp. (jointly); Lehman Brothers and Eastman Dillon, Union Securities & Co. and Salomon Brothers & Hutzler (jointly).

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

Iowa-Illinois Gas & Electric Co. (4/13)
Feb. 24 it was reported that this company will offer $15,000,000 of 30 year first mortgage bonds. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Lehman Brothers and Glore, Forgan & Co. (jointly); Harriman Ripley & Co., Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; Blyth & Co. **Bids**—To be received up to 10:30 a.m. (CST) in Chicago, Ill., on April 13.

Jersey Central Power & Light Co. (5/24)
Feb. 18 it was reported that on May 24 this utility is planning to offer $7,000,000 of first mortgage bonds. **Price**—To be supplied by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith (jointly); Stone & Webster Securities Corp.; W. C. Langley & Co.; F. S. Moseley & Co.; Reynolds & Co.; Shearson, Hammill & Co.; Dean Witter & Co.; First Boston Corp.; Wood, Struthers & Co.; Bioren & Co.; DeHaven & Townsend, Crouter & Bodine; Greene, Ellis & Anderson, and Steele & Co. (jointly).

Kenrich Petrochemicals, Inc.
Jan. 20 it was reported that March registration is expected of $175,000 of convertible debentures and 55,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—For the expansion of manufacturing facilities. **Office** — Maspeth, Queens, L. I., N. Y. **Underwriter** — First Philadelphia Corp., 40 Exchange Place, New York City.

Lee Way Motor Freight, Inc.
March 1 it was announced that this Oklahoma City-based motor carrier, which operates in the South and Mid-West, expects to make a secondary distribution of 175,100 shares of its common stock. **Proceeds**—To selling stockholder. **Underwriters**—F. Eberstadt & Co., New York, and Shillinglaw, Bolger & Co., Chicago, Ill. **Offering**—Expected wthin two weeks.

Mac Panel Co.
Feb. 15 it was reported that the 200,000 shares of common stock that were expected to be filed the week of Feb. 8, have been indefinitely postponed. **Note**—It was reported that shareholders of Adams-Millis Corp. and its partially-owned subsidiary Mac Panel, will vote on March 23 on a plan to exchange three shares of Adams-Millis common for four shares of Mac Panel common. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Middle South Utilities, Inc.
Feb. 16 the company's Board of Directors authorized the filing with the Securities and Exchange Commission of a registration statement for the issuance and sale through competitive bidding of 650,000 shares of common stock. **Proceeds**—Primarily for investment in operating companies. **Underwriter**—To be determined by competitive bidding.

★ Miller & Van Winkle Co.
March 9 it was reported that this company contemplates a filing of 75,000 common shares via a "Regulation A" with the SEC. **Proceeds**—For general corporate purposes. **Office**—Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York and Washington, D. C.

Mountain States Telephone & Telegraph Co. (4/12)
Feb. 8 it was reported that $40,000,000 of debentures will be offered. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; First Boston Corp; and Morgan Stanley & Co., all of New York City. **Bids**—To be received on April 12.

Nafi Corp.
Feb. 24 it was announced that the company plans to sell, following the purchase of the Chris-Craft stock, approximately 200,000 shares of its capital stock to the public for cash, subject to market conditions. **Proceeds**—To finance the acquisition. **Office**—Oakland 4, Calif.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

New Jersey Power & Light Company
Feb. 17 it was reported that this utility is planning the sale of $6,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—To be received in July.

★ Northern Illinois Gas Co.
Feb. 16 the company's annual report stated that $120,000,000 of new capital will be needed to meet its five-year construction program. The sale of the 5.50% preferred stock sold last summer by a Halsey, Stuart & Co. Inc group was the first step in raising the money. While no definite plans have yet been made as to the type of issue or timing of the next financing, it will need about $25,000,000 of additional capital before the end of 1960. **Office**—Aurora, Ill.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to

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mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Pennsylvania Electric Co.
Feb. 24 it was reported that in May this utility is expected to sell $11,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); First Boston Corp.; Harriman Ripley & Co. and Blyth & Co. (jointly); Equitable Securities Corp.

Potomac Electric Power Co.
Feb. 18 it was reported that there will be an undetermined amount of debt financing by this utility sometime in 1960. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

● **Puget Sound Power & Light Co. (4/20)**
March 7 it was reported that this utility will offer for sale $20,000,000 of first mortgage bonds, due 1990. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., Smith, Barney & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith. **Bids**—Expected to be received on April 20 at 12 noon. **Information Meeting**—Scheduled for April 14 at 11 a.m.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately. **Note**—On Dec. 31 Mr. McMeekin told this newspaper he does not know whether the bonds will be placed privately. He expects them to be sold this summer; the precise timing will be subject to market conditions.

Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority (7/1)
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for July 1, 1960. Probable bidders: First Boston Corp. (managing). Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer.

Texas Eastern Transmission Co.
March 2 it was reported that this company plans the sale of senior securities in the amount of approximately $30,000,000, sometime in the second quarter of the year. **Underwriter**—Dillon, Read & Co., New York City.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

Utah Power & Light Co.
Feb. 3 it was reported that toward the end of this year there is expected to be some financing by this company of about $25 million of bonds and common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

Valley National Bank
Feb. 18 it was reported that the bank will offer shareholders rights to purchase 139,988 additional common shares on the basis of one new share for each 15 shares held of record March 11; rights expire April 8. **Price**—$43 per share. **Proceeds**—For expansion. **Office**—Phoenix, Ariz.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

Wisconsin Electric Power Co.
Feb. 9 it was reported that this company is plannin[g] about $25,000,000 in new financing, probably in the for[m] of bonds, for sometime on 1960. **Underwriter**—To be de[termined] by Competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fen[ner] & Smith and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and Eastman Dillon, Union Secu[rities] & Co. and Harriman Ripley & Co. (jointly); Firs[t] Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly).

● **Wisconsin Telephone Co.**
March 2 it was reported that this company plans th[e] sale of $20,000,000 of debentures. **Underwriter**—To b[e] determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morga[n] Stanley & Co. **Bids**—Expected to be received on May 1[...]

The Security I Like Best . . .

Continued from page 2

handles to boost book value handsomely.

There is a good deal more that could be said about value; for example, the fact that Seismograph was hit with $200,000 of non-recurring Venezuelan income taxes in the first quarter of 1959. If that non-recurring item had not existed, Seismograph might have reported 1959 earnings equal to $1.90 per share. But now, let's talk about glamour.

For many years, Seismograph has built complex instruments for its own use. Its engineers, in their efforts to keep their equipment up to date, had to become familiar with the very latest electronic techniques and even developed some new ones of their own. Until very recently, this electronic know-how was devoted to oil industry applications. The company is now seeking new channels for its electronic capability.

Seismograph has invented a radio hat, parts of which are patented. This is worn as an ordinary work helmet, but it enables the wearer to talk to his fellows over extreme noise and at ranges up to three miles. These helmets could be invaluable for almost any kind of heavy industrial work. Dow Chemical has been the largest buyer to date, with 350. Orders have been received for several hundred more, at $250 per hat.

Seismograph has invented an electronic voting machine, which weighs only 100 lbs. compared to about 900 lbs. for conventional mechanical machines. The new machine will cost about $1,500 against $1,700 for contemporary machines and it is so small that cost of delivery to polling places is estimated at about $500 against $4,000-$5,000 for older machines. The Seiscor Machine can be built to use punch cards or can tally on present day adding machine principles.

Voting machines seem a prosaic business. But it has been estimated that world-wide sales average about $25 million per year. If Seismograph were to get only 20% of that figure, its sales would be lifted 25%. And a 5% carry down to after tax net might boost earnings by 60c per share. Voting machines probably will not be much of a factor in Seismograph's overall operations until 1961.

One of the biggest problems in offshore exploration has been to find the exact spot in which a seismic "shot" has been set off. It is impossible to mark water areas accurately enough by conventional means. So, Seismograph invented a radio positioning device called Lorac, which is capable of determining locations absolutely. It has been purchased by American Telephone & Telegraph to help lay cables. There has also been one installation at the Missile Station at Cape Canaveral. There is further Navy and Air Force interest because of the device's potential in locating ships and missiles. But at this stage, Lorac remains potential. It is impossible to say just how big it may become.

Then, there is electric logging of oil wells. At the time Seismograph bought Birdwell Incorporated in 1958, that subsidiary was doing about $1.5 million per year. Last year, Birdwell is believed to have had revenues of $2.0 million, and for 1960, revenues are expected to go over $3.0 million. Only Birdwell, and Schlumberger, Ltd., the kingpin of the logging business, are able to offer "continuous velocity logs." So, only Seismograph and Schlumberger can now offer a complete logging service. Seismograph will manufacture logging units itself and it is felt that the growth of the Birdwell subsidiary depends solely upon how fast units can be built and put into the field.

Seismograph Service will undoubtedly come up with other applications for its electronic knowhow. But even the first fruits of its efforts in these new fields promise new peaks for revenues and earnings.

If new products, plus Birdwell Incorporated were enormously successful, Seismograph would probably need money. However, the company is financially sound and has large enough cash flow to allow substantial borrowing. Management owns about 20% of the stock, and is probably not interested in needless dilution of its equity.

Capitalization

Long Term Debt: $1,856,375, including $1,500,000 5.7% notes.

Common Stock: 388,000 shares ($1 par).

Options: To purchase 13,896 shares at $10.31 each; and 14,104 at $11.94.

Liquid Veneer Corp. Common Stock Offered

Michael Fieldman and First City Securities, Inc., both of New York City, on Feb. 18 commenced a public offering of 150,000 shares of Liquid Veneer Corp. common stock (par 10 cents) at $2 per share.

Of the net proceeds, $50,000 will be used for selling, advertising and sales promotion; $60,000 for salaries to officers and employees; $10,000 for developing and engineering new items; $15,000 for rental of office, display and manufacturing facilities; and $78,000 to be added for working capital.

Liquid Veneer Corp. was incorporated in New York on May 26, 1905. The company is engaged in the distribution of various chemical products.

Form Unitas Inv. Co.

TENAFLY, N. J.—Unitas Investors Co., Inc. has been formed with offices at 14 Daisy Place to engage in a securities business. Officers are Thomas Greany, President and Treasurer; and Helene Greeney, Secretary.

Trading Up on Commodity Exch.

Trading in all futures on Commodity Exchange, Inc., in the first quarter of 1959-60 fiscal year increased 88% over volume in the corresponding period in 1958-59, according to figures released by the Exchange.

During the period from Dec. 1, 1959 to Feb. 29, 1960, a total of 34,972 contracts were traded on Comex, or 16,397 more contracts than the 18,575 recorded in the same period of 1958-59.

Copper, rubber and hides accounted for the greater part of the increased trading, while lead and zinc showed minor changes.

Total contracts traded for the first quarter of 1959-60 were: Copper, 24,713; Rubber, 3,683; Hides, 3,980; Lead, 1,103; and Zinc, 1,493 contracts.

Commodity Exchange, Inc. is the marketplace for futures trading in copper, lead, zinc, hides and rubber.

IPLS Bond Club Elects Officers

The Indianapolis Bond Club has elected the following new officers:

President: Meredith Nicholson, III, Trust Officer and Vice-President, American Fletcher National Bank & Trust Co.

Vice-President: Noble L. Biddinger, Executive Vice-President, City Securities Corporation.

Secretary and Treasurer: William C. Griffith, Jr., Account Executive, Merrill Lynch, Pierce, Fenner & Smith Inc.

Form H. Hartman Co.

CANOGA PARK, Calif. — Henry Hartman & Co. has been formed with offices at 20147 Saticoy St., to engage in a securities business. Officers are Henry Hartman, President, Ronald L. Hartman, Vice-President; and Mrs. Jean Hartman, Secretary-Treasurer.

Customers' Brokers to Hold Market Forum

The Association of Customer[s'] Brokers will hold a stock mark[et] forum on March 16 at the hea[d]quarters of the New York Socie[ty] of Security Analysts, 15 Willia[m] Street, New York City.

Speakers will be Lucien [...] Hooper, W. E. Hutton & Co.; Si[d]ney B. Lurie, Josephthal & Co.; a[nd] Robert W. Mansfield, R. W. Man[s]field & Co.

The meeting is open to membe[rs] only.

Walston Adds

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Edward [...] Little and Fred K. Williams ha[ve] joined the staff of Walston & C[o.] Inc., 625 Broadway. Both we[re] formerly with Crowell, Weedon [&] Co.

Form Naftalin Co.

MINNEAPOLIS, Minn.—Naftal[in] & Co., Inc. has been formed wi[th] offices in the Rand Tower to e[n]gage in a securities business. O[f]ficers are Neil T. Naftalin, Pre[si]dent; Ronald L. Simon, Secr[e]tary; and Harvey B. Macka[...] Treasurer.

Forms Miller Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Samu[el] Miller is engaging in a securiti[es] business from offices in the Mi[d]land Bank Building under t[he] firm name of Miller & Compan[y].

New Trulock Branch

PINE BLUFF, Ark.—Trulock [&] Company, Incorporated h[as] opened a branch office in t[he] Simmons National Bank Buildi[ng] under the direction of Wal[...] Trulock III.

Two With Walston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Har[...] N. Green and Samuel Swimm[...] have become affiliated with W[al]ston & Co., Inc., 9731 Wilsh[ire] Boulevard. Both were forme[rly] with Alkow & Co., Inc.

Businessman's BOOKSHELF

Acronyms Dictionary — Guide to alphabetic designations for associations, etc.—Gale Research Co., Book Tower, Detroit 26, Mich., $10.00.

Automatic Scale Trading — S. J. Fenner—Forecasts, Pelham, N. Y.

Background Material on Economic Aspects of Military Procurement and Supply — Prepared for the Subcommittee on Defense Procurement of the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.

Bell Telephone Magazine, Winter 1959-60 — Containing articles on Public Affairs; New Numbers for Tomorrow's Telephones; Bell System Patents; Communication Satellites; Role of Communications in Advancing Medicine, etc. —American Telephone & Telegraph Company, 195 Broadway, New York 7, N. Y.

Chemical Processing of Irradiated Fuels from Power, Test, and Research Reactors — Proceedings of the AEC Symposium—Office of Technical Services, Department of Commerce, Washington 25, D. C. (paper), $4.50.

Civilian Power Reactor Program —Part I: Summary of Technical and Economic Status as of 1959—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1. (Part II: Economic Potential and Development Program; Part III: Technical Status Reports; Part IV: Plans for Development, available shortly).

Commission on Money and Credit —Progress report — Commission on Money & Credit, 711 Fifth Avenue, New York 22, N. Y. (paper).

Communist China and Asia: Challenge to American Policy — A. Doak Barnett—Council on Foreign Relations, Inc., 58 East 68th Street, New York 21, N. Y., $6.95.

Computers and How They Work— James D. Fahnestock—Ziff-Davis Publishing Co., New York, N. Y., $4.95.

Corporate Financial Management —Raymond P. Kent—Richard D. Irwin, Inc., Homewood, Illinois (cloth), $9.00.

Emerging Economic Problems of the 1960's — National Association of Manufacturers, 2 East 48th Street, New York 17, N. Y. (paper), $1.

Employment, Growth and Price Levels—Additional Material Submitted for the Record of Hearings before the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington, 25, D. C. (paper), 60 cents.

European Free Trade Association —The Stockholm Convention and Freer World Trade—Published by the Governments of Austria, Denmark, Norway, Portugal, Sweden, Switzerland and United Kingdom, and available from their Embassies (paper).

Facts vs. Fallacies on Railroad Bargaining—Association of American Railroads, Transportation Building, Washington 6, D. C.

Featherbedding Hurts Everybody! —Bulletin—Association of American Railroads, Transportation Building, Washington 6, D. C.

Federal Reserve System — Edited by Herbert V. Prochnow—Harper & Brothers, 49 East 33rd St., New York 16, N. Y. (cloth), $6.50.

How Green Are My Dollars — 16 mm sound film on value of investing in Mutual Funds — Available for business and civic audiences without charge—Kalb, Voorhis & Co., Woodward Building, Washington 5, D. C.

Inflation or Security: Will the United States jeopardize an Atlantic Economic Cooperation—W. Wentholt — Buijten & Schipperheijn, Valkenburgerstraat 106, Amsterdam-C, Netherlands, $2.00.

Interstate Income Law, with Explanation—including new Federal Limitations on State Taxes—Commerce Clearing House, Inc., 4025 West Peterson Ave., Chicago 46, Ill. (paper), $1.

Investing and Licensing Conditions in 34 Countries — Business International, 200 Park Avenue South, New York 3, N. Y. (paper), $60.

Investing in American Industries — Edited by Lester V. Plum — Harper & Brothers, New York 16, N. Y. (cloth), $6.95.

Lectures in Financial Management, including Appendices on the Mathematics of Finance — Dr. R. M. Soldofsy — Iowa Book and Supply Co., Iowa City, Iowa (paper), $3.25.

Major Activities in the Atomic Energy Programs, January-December 1959 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $2.00.

Many Sides of Depreciation— Leonard E. Morrissey — Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. (paper).

Middle Age—Threat or Promise? —Harry Milt — Public Affairs Committee, Inc., 22 East 38th St., New York 16, N. Y. (paper), 25¢.

National Objectives and the Balance of Payments Problem— Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. (paper).

New York Stock Exchange Director, revised to Jan. 15, 1960 (Official Membership Directory) —Commerce House, Inc., 420 Lexington Avenue, New York 17, N. Y. (paper), $3.00.

Planned Approach to Office Leasing—Booklet on office leasing— Huberth & Huberth, Inc., 54 East 57th Street, New York City (on request).

Political Handbook of the World, 1960—Walter H. Mallory, Editor— Council on Foreign Relations, Inc., 58 East 68th Street, New York 21, N. Y., $4.50.

Quarterly Report to Investors in Puerto Rican Securities—Government Development Bank for Puerto Rico, San Juan, P. R. (paper).

Railways of France—French National Railway Company — Press and Information Division, French Embassy, 972 Fifth Avenue, New York 21, N. Y.

Regulations Relating to the Control of Foreign Assets and Foreign Funds in the United States— Supplement 16—Bank for International Settlements, Basle, Switzerland (paper).

SEATO—Record of Progress 1958-59—South-East Asia Treaty Organization, Bangkok, Thailand.

3,000 Leading U. S. Corporations —Director classed by industry and ranked by size, employees, etc.— News Front Magazine, 21 West 45th Street, New York 36, N. Y. (paper), $1.

Second Mortgages, Land Sale Contracts, and Other Financing Devices Employed in Convention Mortgage Lending—Staff Report to Chairman of the Subcommittee on Housing — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper).

Special Sources of Information on Isotopes — U. S. Atomic Energy Commission — Office of Isotopes Development, U. S. Atomic Energy Commission, Washington 25, D. C. (paper), on request.

Story of George Romney — Tom Mahoney—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y.

Structure of Unemployment in Areas of Substantial Labor Surplus—Bureau of Labor Statistics, U. S. Department of Labor— Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15¢.

Subcontinent of South Asia— (Afghanistan, Ceylon, India, Nepal and Pakistan)—Bureau of Public Affairs, Department of State—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 40¢.

Suggested Accounts and Accounting Procedures for Municipalities —Office of Elbert S. Smith, Auditor of Public Accounts, State Capitol, Springfield, Ill.

Survey of Charges for Miscellaneous Bank Services 1960— Country Bank Operations Commission, The American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper), 50¢.

Thief in the White Collar: The complete Story of a billion dollar a year business: embezzling—Norman Jaspan with Hillel Black— J. B. Lippincott Company, East Washington Square, Philadelphia, Pa. (cloth), $4.95.

Transport Diversification — Association of American Railroads, 30 Vesey St., New York 7, N. Y.

Transportation Research: Survey of current and potential transportation research subjects—Transportation Association of America, 1710 H Street, N. W., Washington 6, D. C. (paper), 25c.

Treasury Bulletin, January 1960— Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., $6 per year (domestic); $7.50 per year (foreign), single copy prices on request.

U. S. Industrial Outlook for 1960 —Publications Section, New York Field office, Department of Commerce, 350 Fifth Avenue, New York 1, N. Y., $1.50.

United States Investment Guaranty Program and Private Foreign Investment — Marina von Neumann Whitman — International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper), 25¢.

Voluntary Support of America's Colleges and Universities — 1958-1959—Council for Financial Aid to Education, Inc., 6 East 45th St., New York 17, N. Y. (paper).

Wage-Price Issue: A Theoretical Analysis — William G. Bowen— Princeton University, Princeton, N. J. (cloth), $8.50.

Wages and Related Benefits in 20 Labor Markets—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y., 50c.

Water Resources . . . Development and Use—Federal Reserve Bank of Kansas City, Kansas City, Mo. (paper).

What to Do About Expense Accounts in 1960: New Record and Reporting Rules — Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill. (paper), 50¢ (minimum order $1.00).

Woman's Business — Informal every - other - month report for women on the business of living —Harris Trust and Savings Bank, 111 West Monroe St., Chicago 90, Ill.

Pickman Inv. Resumes

PALO ALTO, Calif. — Pickman Investment Co. has resumed its investment business from offices at 555 Bryon Street. Officers are Joseph F. Pickering and David G. Hoffman, both of whom have recently been with the First Pacific Equities Corp.

Osborn Joins Milwaukee Co.

MILWAUKEE, Wis. — Chandler Osborn, former superintendent of securities of Northwestern Mutual Life Insurance Co., will join The Milwaukee Company, 207 East Michigan Street, members of the Midwest Stock Exchange, on April 1, Joseph T. Johnson, President, has announced.

Chandler Osborn

Mr. Osborn announced his retirement after having served Northwestern Mutual for 26 years in the securities department. Since January 1949, when he assumed responsibility for all transactions involving the purchase or sale of securities, the life insurance company's investment portfolio has risen from $1,750,000,000 to $2,260,000,000.

Mr. Johnson said that Mr. Osborn will handle special assignments for the Milwaukee - based underwriter and distributor of investment securities.

In 1928, he joined the First Wisconsin Co., (now Robert W. Baird & Co.) as a security analyst. He started with Northwestern Mutual in 1934 as a municipal bond analyst.

Jacey Sec. Offers Marine Fiber-Glass

Jacey Securities Co., of New York City, on March 1 commenced a public offering of 200,000 shares of Marine Fiber-Glass common stock (par 10 cents) at a price of $1.50 per share.

The net proceeds will be used for new plant expenditures, product development, and as additions to working capital.

The company is engaged in the design and manufacture of marine and industrial plastic products, and in the design and production of fiber-glass boats and dinghies. The company's administrative offices and plant facilities are located at 2901 Blakely St., Seattle 5, Wash.

Vickers-Crow Mines Common Stock Offered

Sakier & Co., Inc., of New York City, on Jan. 28 publicly offered as a speculation 150,000 shares of common stock (par one cent) of Vickers-Crow Mines, Inc., at $2 per share.

The net proceeds will be used for expenses incidental to mining operations and other corporate purposes.

The company was incorporated under Delaware law on Sept. 1, 1959 under the name Gama Mines, Inc., to explore for and produce minerals. Its principal office is located at 321½ Grant Ave., Eveleth, Minn. It assumed its present name on Oct. 8, 1959.

L. H. McGrath Opens

(Special to THE FINANCIAL CHRONICLE)

FREMONT, Ohio — Lawrence H. McGrath is conducting a securities business from offices at 125 North Prospect Place.

I. J. Naughton Opens

CLEVELAND, Ohio — Irving J. Naughton is conducting a securities business from offices at 12700 Shaker Boulevard under the firm name of Irving J. Naughton Co.

Nat Perkoff Opens

GOLETA, Calif.—Nat Perkoff is engaging in a securities business from offices at 7405 Hollister Ave. under the firm name of Nat Perkoff & Co.

Quad City Securities

(Special to THE FINANCIAL CHRONICLE)

SILVIS, Ill. — Quad-City Securities Corporation has been formed with offices at 1032 First Avenue to engage in a securities business. Officers are Glen A. Jordan, President; Harlan D. Helsel, Vice-President; and Verlin L. Chapman, Secretary-Treasurer.

New G. J. Mitchell Branch

TRENTON, N. J.—G. J. Mitchell, Jr. Co. has opened a branch office in the Broad Street Bank Building under the direction of C. Walter Carroll, Jr.

Peters, Writer Branch

GRAND JUNCTION, Colo. — Peters, Writer & Christensen, Inc. has opened a branch office at 610 Rood Avenue under the management of Harry W. Peters. Mr. Peters formerly conducted his own investment business in Grand Junction.

Now Fane & Gilbert

PLAINFIELD, N. J. — The firm name of L. L. Fane & Company, Inc., 202 West Front Street, has been changed to Fane & Gilbert, Inc. The firm maintains a branch office at 104 Washington Avenue, Carteret, N. J.

DIVIDEND NOTICES

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The Saturday nights of yesteryear when the Southern Negro came home with a pack of meal, a slab of salt pork, a bucket of molasses, and a couple of plugs of Hound Dog chewing tobacco, are gone.

Back of the headlines growing out of the election year civil rights battles on Capitol Hill, and the decisions of the Supreme Court of the United States, is another story and an important one. It is the story of the march of progress for a great majority of the 9,000,000 Negroes in Dixie. Their income has tripled since Pearl Harbor.

Beneath the stories of the sit-down strikes in scattered sections of the South, school integration, around - the - clock sessions on Capitol Hill, and some likely ugly headlines that will appear in the future, is a story of a "Revolution" that is taking place.

The Negro is destined to become a marked political factor from the Potomac River to the Rio Grande. He has already become a minor political factor in some communities of the South, but it will be several years, perhaps, before his influence can be felt on a statewide basis in most states. There are a few Negroes who currently hold public office in the South.

His influence is already felt tremendously outside the South. The Negro vote in more than 50 Congressional districts outside of the South can determine how the election is going—Democrat or Republican. More than likely it will be in the column for the Democrats.

The City of Philadelphia is a prime example. It is now estimated that 215,000 Negroes are registered voters in Philadelphia. This is about one-fourth of the total registered vote. They vote overwhelmingly in the Democratic column, according to students of government in Philadelphia. They were wooed to the Donkey party during the Franklin D. Roosevelt regime.

Huge Population Increase

The 1960 Negro population is expected to be close to 20,000,000 in the United States. A substantial part of the so-called population "explosion" is traceable to the Negro race, the Bureau of Census says. From a percentage standpoint the Negro population is outgrowing the white race, although the Negro death rate is higher.

Any fair-minded student of the South and Southern politics knows there are voting and registration discriminations against the Negro in some areas. But what many people do not know is the fact that more than 1,500,000 Negroes are eligible to vote in the 1960 presidential race in the South's 11 states.

The National Association for the Advancement of Colored People set a goal of 3,000,000 registered Negro voters in 1960, but it is clear it is going to fall far short of its goal.

A great deal of this is due to stiffer resistance to the efforts of Negroes in some states, and apathy on the part of the Negro citizen.

The overwhelming majority of Negroes registering and voting are in the urban centers. In counties where the percentage of Negroes is small, more Negroes are likely to vote. Fear unquestionably has been the paramount reason for limiting Negro registration in many heavily Negro populated communities.

The poll tax is no outstanding barrier to Negro voting. Only five states now have such a tax.

Marked Shift to Northern Area

When the decennial census was taken in 1950 there were 15,042,286 Negroes in the United States out of a total of 150,697,000. Georgia, the largest land area state east of the Mississippi River, had the greatest Negro population (1,062,762), with North Carolina (1,047,353) a close runner up. Mississippi (990,082) was third, but Mississippi had the greatest percentage (45.4) of any state.

However, the 1960 decennial census is likely to scramble the Negro population figures in a major way. Some Northern states are likely to have as many total Negro people now living within their borders as the Southern states. Some probably will have more.

There has been a steady migration of Negroes from the South for several years. The District of Columbia today has more members of the Negro race within the city — about 55%—than white people. More than 73% of the school children in the District of Columbia are Negro children.

The Negro voter, despite some discrimination in registration in some of the rural parishes, has made himself felt in Louisiana elections. It is estimated that more than 150,000 Negroes voted for governor in Louisiana in the Democratic primaries in December and January.

"—and we're making this offer only to a selected few of the nation's top blue chip investors—"

Higher Economic Status

But the big economic story involving the Southern Negro is the fact that he is not only voting in increased numbers, but he is eating better food, living in better housing and driving better automobiles all the time.

With farming becoming more and more mechanized and a bigger business, the Dixie agricultural counties are continuing to lose Negro population.

At the same time the records will show that every Southern state has an increasing number of Negro lawyers, doctors and other professional men, and business men who own their own stores, and farmers who own their own land. With increased industrialization, both the white and colored youth will not have to look elsewhere for job opportunities.

Despite all the hullabaloo that is taking place on Capitol Hill about Negro voting rights and civil rights in general, there is nothing on the political horizon to indicate that the Old South will send its first Negro to Congress since the Reconstruction Era, anytime soon. But it probably could happen.

Increase in Negro Office Holders

Two of the heaviest Negro populated districts in the Southland are in the table-top flat Mississippi Delta Congressional District, and the First South Carolina District. Representative Frank Ellis Smith of Greenwood, Miss., whose Delta District is about 70% Negro, has not been challenged thus far by a Negro opponent, nor is he likely to be until more Negroes begin voting. However, South Carolina Representative L. Mendall Rivers of Charleston had his seat contested by a Negro constituent a few years ago.

Perhaps there will be more members of the Negro race running for Congress and public office in 1960 than anytime in American history.

There are four Negroes in the House of Representatives now. They are: Georgia-born attorney William L. Dawson, 73, whose district embraces Chicago's downtown loop; Adam Clayton Powell, 50, from New York's Harlem District, and the East's first Negro Congressman; Charles C. Diggs, 36, of Detroit, a licensed mortician, and South Carolina-born Robert C. Nix, 54, a Philadelphia lawyer, and Pennsylvania's first Negro Congressman.

With more Negroes running for office — North and South, East and West — the history of the Negro in Congress has evoked increased interest of late. Of the four incumbent members of Congress, all are Democrats.

28 Served in Congress

Thus far 28 Negroes have occupied seats in Congress. Twenty-two came from the South in the difficult Reconstruction Era beginning with the Administration of Ulysses S. Grant, hero of the victorious Union Armies, and ending with the Administration of President William McKinley.

None served during the tenures of Presidents Theodore Roosevelt, William Howard Taft, Woodrow Wilson, Warren G. Harding and Calvin Coolidge.

Until the election of the four incumbents, 23 of the 24 members who had preceded them since the War Between the States, were Republicans. Of the 28 Negroes who have served in Congress thus far, 24 of them were native Southerners. Only five of the 28—the present quartet and Arthur W. Mitchell, the Alabama-born, Tuskegee and Harvard educated former Representative from Chicago—have been Democrats.

Only Arkansas, Tennessee and Texas of the Secession States did not have a Negro in Congress in the post Civil War period. Alabama had three, Florida one, Georgia one, Louisiana one, Mississippi three, North Carolina four, South Carolina eight and Virginia one.

There have been only two Negro United States Senators in history. Both were from Mississippi. The first Negro was Hiram R. Revels, a Methodist preacher from historic Natchez, who was elected in 1870 to fill the seat that Jefferson Davis, the President of the Confederacy, had vacated.

The second Negro was Blanche K. Bruce, a planter and sheriff of agricultural-rich Bolivar County, Miss.

What kind of a man was the first Negro Senator? "I ought to know," said Perry W. Howard, elderly Washington, D. C., attorney, and longtime Republican National Committeeman from Mississippi, whose parents were plantation slaves.

"I married Senator Revel's baby daughter," said the attorney. "He was a polished learned Southern gentleman, who loved the South. He served with dignity and credit in one of the most difficult periods in American history."

Some leaders of the race in the South are quick to maintain there will be no bloc voting, if the Negro is allowed to vote his own free will.

At the same time it is obvious that unless the Republicans can attract a greater percentage of the Negro race to the Elephant label the strength of the Republicans will continue to diminish particularly in District and State elections.

Representative Dawson, who occupies the highest political party position a member of his race has ever held, expresses the conviction that eight out of every 10 members of his race are now registered as Democrats.

The Illinois Congressman, a Vice-Chairman of the Democratic National Committee under Chairman Paul Butler of Indiana, was a Republican until he switched allegiance in 1938. Why? Because of President Roosevelt and his "little man" political philosophy.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]